SUPREME COURT, U. S.

In The

Supreme Court of the United States

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October Term, 1974

No. 74-1338

MELODY RECORDINGS, INC., AL CECCHI, also known as AL COHEN, U.S. TAPE, INC., GEORGE TUCKER, NATIONAL CINEMATAPE, INC., AMERICAN CARTRIDGE RECORDING, a division of NATIONAL COMMUNICATIONS ARTS, INC., ALEXANDER MAGOSCI, JR., DAVIDOW GELLERT, INC., TELECOR INDUSTRIES, INC., HAROLD DAVIDOW, CHARLES GELLERT, GRANDY, INC., JOHN FRENCH, ROYALE GENERAL MUSIC CO., INC., LIVINGSTON AUDIO PRODUCTS CORP., CONTINENTAL SALES CORP., DARRELL D. SCHOLTEN, THOMAS J. HOFBAUER, CARL VOLPE, AUDIOTAPE., INC., ELIAS SAKA, NOW SOUNDS, INC., DIAMOND SOUNDS, INC., METRO TAPES, INC., STELLAR

(Continued)

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

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In The

Supreme Court of the United States

October Term, 1974

No.

MELODY RECORDINGS, INC. et al.,

Petitioners,

vs.

JONDORA MUSIC PUBLISHING COMPANY, et al.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

U.S. Tape, Inc., George Tucker, National Cinematape, Inc., American Cartridge Recording, a division of National Communication Arts, Inc., Alexander Magosci, Jr., Audiotape, Inc., Elias Saka and Sunshine Music Corporation (hereinafter collectively referred to as "petitioners") pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Third Circuit entered in the above-entitled case on December 27, 1974 and the order of said Court denying both the petition for rehearing with suggestion for rehearing en banc and the petition for rehearing en banc entered on January 23, 1975.

OPINIONS BELOW

The opinions of the District Court are reported at 351 F. Supp. 572 (D.N.J. 1972) (Appendix A; 362 F. Supp. 488 (D.N.J. 1973) (Appendix B); and 362 F. Supp. 494 (D.N.J. 1973) (Appendix C).

The opinion of the United States Court of Appeals is reported at 506 F.2d 392 (3rd Cir. 1975) (Appendix I). The order amending the opinion by the Court of Appeals (Appendix K) has been reflected within the reported opinion.

The United States Court of Appeals entered an order denying both the petition for rehearing with suggestion for rehearing en banc and the petition for rehearing (Appendix L).

JURISDICTION

The date of the judgment of the Court of Appeals (Appendix J) was December 27, 1974, and the judgment was entered December 27, 1974.

The date of the order denying both the petition for rehearing with the suggestion for rehearing en banc and the petition for rehearing en banc was January 23, 1975, and said order respecting the rehearing was entered January 23, 1975.

Jurisdiction is conferred upon this Court to review the judgment of the Court of Appeals by writ of certiorari by United States Code, Title 28, §1254(1).

QUESTION PRESENTED FOR REVIEW

Whether manufacturers who comply in all respects with the compulsory license provisions of the Copyright Act of 1909, 17 U.S.C. §§1(e), 101(e), in duplicating uncopyrighted musical sound recordings, infringe under 17 U.S.C. §101(e) the copyright of the musical compositions.

CONSTITUTIONAL PROVISION INVOLVED

Article I, Section 8, Clause 8 of the United States Constitution provides:

> "The Congress shall have Power. . . .
>
> To promote the Progress of Science and Useful Arts, by securing for limited Times to Authors and Inventors the Exclusive Right to their respective Writings and Discoveries."

STATUTES INVOLVED

The federal statutes involved are: Section 1(e) of the United States Code, Title 17 [17 U.S.C. §1(e)] and Section 101(e) of the United States Code, Title 17 [17 U.S.C., Supp. 1, §101(e)] as amended Oct. 15, 1971, Publ. L. 92-140, §2, 85 Stat. 392.

The Copyright Act, as amended, 17 U.S.C. §1(e) provides:

> "Any person entitled thereto, upon complying with the provisions of this title, shall have the exclusive rights:

* * *

(e) To perform the copyrighted work publicly for profit if it be a musical composition; and for the purpose of public performance for profit, and for the purposes set forth in subsection (a) hereof, to make any arrangement or setting of it or of the melody of it in any system of notation or any form of record in which the thought of an author may be recorded and from which it may be read or reproduced: *Provided*, That . . . as a condition of extending the copyright control to . . . mechanical reproductions, that whenever the owner of a musical copyright has used or permitted or knowingly acquiesced in the use of the copyrighted work upon the parts of instruments serving to reproduce mechanically the musical work, any other person may make similar use of the copyrighted work upon the payment to the copyright proprietor of a royalty of 2 cents on each such part manufactured, to be paid by the manufacturer thereof. . . ."

17 U.S.C., Supp. 1, §101(e) provides:

"Interchangeable parts for use in mechanical music-producing machines.—Interchangeable parts, such as discs or tapes for use in mechanical music-producing machines adapted to reproduce copyrighted musical works, shall be considered copies of the copyrighted musical works which

they serve to reproduce mechanically for the purposes of this section 101 and sections 106 and 109 of this title, and the unauthorized manufacture, use, or sale of such interchangeable parts shall constitute an infringement of the copyrighted work rendering the infringer libel in accordance with all provisions of this title dealing with infringements of copyright and, in a case of willful infringement for profit, to criminal prosecution pursuant to section 104 of this title. Whenever any person, in the absence of a license agreement, intends to use a copyrighted musical composition upon the parts of instruments serving to reproduce mechanically the musical work, relying upon the compulsory license provision of this title, he shall serve notice of such intention, by registered mail, upon the copyright proprietor at his last address disclosed by the records of the copyright office, sending to the copyright office a duplicate of such notice."

STATEMENT OF THE CASE

Plaintiffs, essentially, based the jurisdiction for their action upon the claim that defendants had infringed the copyrights of plaintiffs on certain musical compositions. Among such defendants were the present petitioners who have engaged in the manufacture of duplicated pre-February 15, 1972 sound recordings which are commercially available on the open market (Appendices F, G).

The District Court ordered the clerk to issue writs of seizure on or about October 25, 1972, having been convinced by plaintiffs' *ex-parte* documentation that defendants had, among other tainted procedures, used plaintiffs' copyrighted musical compositions without paying royalties, operated furtively to avoid detection, maintained phony names, utilized post office boxes instead of offices, hired a telephone answering service to prevent their being located, and conducted business in a generally clandestine manner.

The District Court found that plaintiffs procured their writs of seizure by fraud based upon untrue and misleading statements. The Honorable Frederick B. Lacey quashed the writs of seizure and entered summary judgment on behalf of defendants. In each of his decisions (Appendices A, B and C), Judge Lacey reasoned that the manufacturers may duplicate the musical compositions in issue copyrighted by plaintiffs, if the defendants complied with the compulsory license provisions of the Copyright Act.

Thereafter, plaintiffs and defendants entered into stipulations of facts (Appendices F, G) which brought about a summary judgment in favor of defendants on the entire action and a judgment that defendants could in effect duplicate recordings "fixed" prior to February 15, 1972, if they complied with the compulsory license provisions of the Copyright Act, 17 U.S.C. §§1(e) and 101(e) (Appendix H).

The Court of Appeals reversed the District Court in a two-to-one decision and held that duplication of sound recordings was not the "similar use" contemplated by the compulsory license provisions of the Copyright Act (Appendix I).

The stipulations of facts (Appendices F, G) have produced a pristine situation for review and should be carefully scrutinized. Undisputedly, petitioners at great cost and expenditure of time have manufactured tapes and served upon the copyright owner, simultaneously filing same with the Copyright Office, a notice of intention to use in compliance with the compulsory license provisions of the Copyright Act. On the 20th day of each month following their manufacture of pre-recorded music, they have accounted to plaintiffs for all royalties due by tendering to them payment of such royalties at the rate of 2¢ for each use of the copyrighted composition. Reports, moreover, reflecting the particular composition and the amount of duplication were served upon plaintiffs.

In each instance, the particular petitioner-manufacturer involved affixed a reference to its tape cartridge and label stating that the musical composition recorded on the tape had been manufactured pursuant to the compulsory license provisions of the Federal Copyright Law. Petitioners also tendered many thousands of dollars to plaintiffs and employed computers as well as large staffs to ascertain correctly the applicable copyright proprietor and address.

In no manner whatsoever did petitioners manufacture sound recordings in clandestine, undercover or hidden fashion; they operated their businesses openly and proudly.

Each of the plaintiffs, furthermore, had at all times refused to discuss or negotiate a license with any of the manufacturers, even though petitioners eagerly sought to discuss and pay for this right. Inexorably, plaintiffs left the manufacturers no alternative but to utilize the compulsory license, instead of the negotiated license (Appendices F, G).

REASONS FOR GRANTING THE WRIT

I.

DUPLICATION OF PRE-FEBRUARY 15, 1972 SOUND RECORDINGS IS PERMITTED BY THE COPYRIGHT ACT.

From the viewpoint of scholarly evaluation, the federal courts have created a chaotic situation in presenting different approaches to defining the compulsory license provisions of the Copyright Act, even though Circuit Courts have shown some concurrence of opinion. In deciding that the term "similar use" precluded duplication, the majority of the *Jondora* appellate court has followed the holding of *Duchess Music Corporation v. Stern*, 458 F.2d 1305 (9th Cir.), *cert. denied*, 409 U.S. 847 (1972), and *Edward B. Marks Music Corporation v. Colorado Magnetics, Inc.*, 497 F.2d 285 (10th Cir. 1974), (*as modified on rehearing en banc*), *cert. denied*, ____ U.S. ____ , 42 L. Ed. 2d 819 (1975). The two-to-one decision in *Fame Publishing Co., Inc. et al. v. Alabama Custom Tape, Inc., et al.*, 507 F.2d 667 (5th Cir. 1975), which affirmed the District Court determination that duplication was protected under the "similar use" exception provided by the compulsory license provision of the Copyright Act, further approved the *Duchess* rationale and *Aeolian Co. v. Royal Music Roll Co.*, 196 F. 926 (W.D.N.Y. 1912), discussed *infra*. In addition, the *Duchess* and the *Marks* Circuit Courts both reversed by divided decisions the opinions of the District Courts below in, respectively, *Duchess Music Corp. v. Stern*, 170 U.S.P.Q. 391 (D. Ariz. 1971) and *Edward B. Marks v. Colorado Magnetics, Inc.*, 357 F. Supp. 280 (W.D. Okla. 1973).

The Third Circuit has now concurred with the erroneous interpretation given by the foregoing Circuit Courts. *Jondora Music Publishing Co. v. Melody Recordings, Inc.*, 506 F.2d 392 (3d Cir. 1975). We respectfully submit, however, that the Honorable John Gibbons in his dissent, which disagrees with the majority course of action and agrees with the decision of Judge Lacey below, tersely arrived at the proper determination:

> "Judge Lacey properly considered the language and legislative history of the 1909 Act, the views of the leading text writers, the analysis of the conflicting opinion in the Ninth Circuit (later followed in the Tenth Circuit), the impact of the *Goldstein* decision, and the remedy afforded by the 1971 Amendment. It is apparent that both the Ninth and Tenth Circuits have attempted to provide a remedy which was not envisaged by the 1909 Act. *We should not follow like the children of Hamelin their erroneous piping. The appropriate response to this problem lies in the hands of the Congress when it considers the final revision of the Copyright Law." Id.* at 401. (Emphasis added.)

We respectfully submit that a just analysis of the issue in controversy, absent any subjective notion as to what the copyright law should provide, compels the inescapable conclusion that Judge Gibbons was right and the majority wrong.

A. The Language and Intent of the Copyright Act of 1909 Supports Petitioners' Position.

Congress began work on the codification of the copyright laws in 1905. From then until 1909, many of the considered bills included provisions for musical copyrights. Yet, Congress cast aside numerous provisions giving a copyright owner exclusive rights to reproduce musical compositions. For example, S. 6330 and H.R. 19853, introduced in 1906, gave the copyright owner the following rights:

> "To make, sell, distribute, or let for hire any device, contrivance, or appliance especially adapted in any manner whatsoever to reproduce to the ear the whole or any material part of any work published and copyrighted after this Act shall have gone into effect, or by means of any such device or appliance publicly to reproduce to the ear the whole or any material part of such work. *S. 6330, H.R. 19853,* 59th Cong., 1st Sess. (1906)."

When the monopoly issue was raised, several player piano manufacturers maintained that this proposal would allow a single music roll manufacturer a monopoly. They feared that Aeolian Co., which had the resources to acquire the copyrights, would purchase much of the popular music. Thus, if they were given an exclusive right to make music rolls of such music, the other manufacturers would be driven out of business.

The compulsory license idea first arose at these hearings. The player manufacturers stated that they would pay the

composer a return provided they had the use of the music. Henn "*The Compulsory License Provisions of the U.S. Copyright Law*," *Copyright Law Revision Studies Prepared for Subcomm. on Patents, Trademarks, and Copyrights of the Comm. on the Judiciary*, Study No. 5, p. 3 (1960).

Throughout the consideration of subsequent bills, two competing interest groups emerged, those who favored absolute recognition of recording and mechanical reproduction rights and those who wanted such rights limited to compulsory license provisions. *Id.* at 4-5. The idea of a two-cent royalty surfaced in 1908 together with the compulsory license concept in the same bill. *H.R. 21592*, 60th Cong. 1st Sess. (1908).

During the consideration of the proliferating number of bills by Congress, the Supreme Court was considering *White-Smith Music Publishing Co. v. Apollo Co.*, 209 U.S. 1 (1908). The case so directly concerned the musical recording provisions of the bills before Congress that the committee suspended consideration pending the Supreme Court's decision. Henn, *supra*, at 4.

In the *Apollo* case, Aeolian Co. sought to restrain infringement of certain musical compositions in which it had an assigned copyright. Aeolian made piano rolls of compositions that were copied by the defendant. The Court found that the rolls were not "copies" of the musical composition, but mechanical parts and that they could be copied. It stated:

> "It may be true that the use of these perforated rolls, in the absence of statutory protection,

> enables the manufacturers thereof to enjoy the use of musical compositions for which they pay no value. But such considerations properly address themselves to the legislative, and not to the judicial, branch of the government. As the act of Congress now stands we believe it does not include these records as copies or publications of the copyrighted music involved in these cases." *Apollo* at 18.

Congress, in taking the facts of *Apollo* into consideration, enacted a statute which both prevented monopoly and required payment to the copyright proprietor in the form of a two-cent royalty. The House Report accompanying *H.R. 28192*, 60th Cong., 2d Sess. (1909), the bill enacted as the Copyright Act, obliges this conclusion:

> "How to protect him in these rights without establishing a great music monopoly was the practical question the committee had to deal with. The only way to effect both purposes, as it seemed to the committee, was after giving the composer the exclusive right to prohibit the use of his music by the mechanical reproducers, to provide that if he used or permitted, the use of his music for such purposes then, upon the payment of a reasonable royalty, all who desired might reproduce the music." *H.R. Rep. No. 2222*, 60th Cong., 2d Sess., p. 6 (1909); see Comment, *"Battle Over the Compulsory License: Mechanical Recording of Music,"* 36 Univ. of Colo. L. Rev. 501, 504-506 (1964).

Professor Henn, among others, evinced the view that the Copyright Act changed the result of *Apollo*, "but not the underlying rationale." Henn, *supra*, at 2. See also, Schrader, *"Sound Recordings: Protection Under State Law and Under the Recent Amendment to the Copyright Code,"* 14 Ariz. L. Rev. 689, 690-691 (1972). The terms of the Act refer, as does *Apollo*, to "mechanical reproductions" rather than copies. The Act adopted the *Apollo* rationale and the compulsory license provision. "Accordingly, the copyright statute provides no basis for protecting the recording itself or the rendition recorded." Henn, *supra*, at 19-20. Professor Henn supported his conclusion by an overview of the entire legislative history of the Act. His position demonstrates that a consideration of the *Apollo* case remains indispensable in analyzing that history.

Hence, the Copyright Act, when read and reviewed in terms of its complete legislative history, permits duplication where the royalties are paid and notices filed. Petitioners, as necessarily conceded in the stipulation of facts, have complied with those requirements in all respects.

B. The *Aeolian* Case was Incorrectly Decided.

The Court of Appeals, as well as the majorities in the various decisions throughout the country which held against the musical duplicators, have in effect relied significantly upon *Aeolian Co. v. Royal Music Roll Co.*, 196 F. 926 (W.D. N.Y. 1912). This case, decided in 1912, some three years after the enactment of the Act, has stood virtually alone for nearly sixty years because of its holding that duplication was prohibited by the Act. It even went so far as to find that a licensee could bring

an action for copyright infringement. Such conclusion is remarkable in view of the fact that in the same opinion the court found that there was no copyright in music rolls and records themselves. 196 F. at 927.

The case is consistently criticized on both of the foregoing grounds by the commentators. Comment, *"Piracy on Records,"* 5 Stan. L. Rev. 433, 443-445 (1953); Ringer, *"The Unauthorized Duplication of Sound Recordings" Copyright Law Revision, Studies Prepared for the Subcomm. on Patents, Trademarks, and Copyrights of the Comm. on the Judiciary,* 86th Cong. 2d Sess. Study No. 26, 5-6 (S. Comm. Print 1961).

In his dissent, Judge Gibbons eloquently refutes *Aeolian:*

> *"Aeolian* was wrongly decided, since the compulsory license provision dictated that there be no exclusive license, and to allow a licensee to sue is incompatible with that provision. The practical effect of the decision is to give the licensee a copyright in his record, something Congress clearly had not intended to do." 506 F.2d at 400.

C. Petitioners' Position Accords with Judge Learned Hand's Analysis in the *Capitol Records* Case.

Footnote 27 of *Goldstein v. California,* 412 U.S. at 546 (1973) additionally cites *Capitol Records v. Mercury Records Corp.,* 221 F.2d 657 (2nd Cir. 1955). Indeed, the citation refers directly to the famous Judge Hand dissent in that case. Such

dissent, which is directly on point, ranks high in its pervasive citation by all treatise writers, commentators and courts in dealing with these matters. The majority in *Capitol*, it should be emphasized, agreed with Judge Hand on the copyright infringement issue. See Note, *"The Copying-Misappropriation Distinction: A False Step in the Development of the Sears-Compco Pre-emption Doctrine,"* 71 Colum. L. Rev. 1444, 1465-66 (1971); Kalodner and Vance, *"The Relation Between Federal and State Protection of Literary and Artistic Property,"* 72 Harv. L. Rev. 1079, 1122-3 (1959). His dissent resulted from the finding by the majority that where an infringement action could not be instituted, an unfair competition action might be brought. 221 F.2d at 663.

Judge Hand adopted the views of Professor Zechariah Chafee, Jr., from his article *"Reflections on the Law of Copyright,"* 45 Colum. L. Rev. 731 (1943) (Chafee determined a record cannot be infringed if the compulsory license provisions are complied with, *id.* at 734), and those of Justice Holmes:

> "Although Congress meant to depart from the existing denial of mechanical infringement of 'musical compositions' and to adopt in general the view of the concurring opinion of Holmes, J. in *White-Smith Music Publishing Co. v. Apollo Co., supra*, 209 U.S. 1, 28 S. Ct. 319, it did not choose to make mechanical reproduction infringements in the ordinary sense. Obviously, it thought that this kind of invasion of the composer's property demanded only a limited remedy which it specifically prescribed: two cents for each record." 221 F.2d at 665.

Unquestionably as shown above, Judge Hand and Professors Chafee and Henn, as well as Nimmer, *infra*, discard the *Aeolian* holding on which plaintiffs rely so heavily. The majority in *Capitol Records*, furthermore, cites the case only for the proposition that a record cannot be copyrighted. 221 F.2d at 661.

D. The 1971 Amendment to the Copyright Act Demonstrates the Correctness of Petitioners' Interpretation of the Compulsory License Provisions.

In order to understand the music publishing and recording industry, there must be a distinction between the musical compositions, that is, the words and music of a song, and the musical performance by the artist. The musical composition and the performance, additionally, must be differentiated from the physical objects of the records and tapes upon which the performance is mechanically reproduced.

Congress recognized these competing interests in enacting the 1971 amendment to the Copyright Act, which was neither an idle gesture nor a misinterpretation of the 1909 Act. Both the Senate and House Reports on P.L. 92-140 demonstrate there was no federal prohibition against sound recording duplication prior to its enactment.

> "If the unauthorized producers pay the statutory mechanical royalty required by the Copyright Act for the use of copyrighted music there is no Federal remedy currently available to combat the unauthorized reproduction of the recording."

H.R. Rep. No. 92-487, 92d Cong. 1st Sess. 2 (1971).

Plaintiffs in effect seek to have us believe that Congress has engaged in the vapid exercise of protecting a right which was already protected.

Note should be taken that in finding the California anti-piracy statute constitutional, the Supreme Court in *Goldstein* in effect addressed the issue now under consideration:

> "Since §4 employs the constitutional term 'writings', it may be argued that Congress intended to exercise its authority over all works to which the constitutional provision might apply. However, in the more than 60 years which have transpired since enactment of this provision, neither the Copyright Office, the courts, nor the Congress has so interpreted it. The Register of Copyrights, who is charged with administration of the statute, has consistently ruled that 'claims to exclusive rights in mechanical recordings . . . , or in the performances they reproduce' are not entitled to protection under §4.37 CFR §202.8(b) (1972). With one early exception, American courts have agreed with this interpretation, and in 1971, prior to passage of the statute which extended federal protection to recordings fixed on or after Feb. 15, 1972, Congress acknowledged the validity of that interpretation. Both the House and Senate Reports on the

> proposed legislation recognized that recordings qualified as 'writings' within the meaning of the Constitution, but had not previously been protected under the federal copyright statute. *H.R. Rep. No. 92-487*, 92d Cong., 1st Sess. (1971), at 2, 5; *S. Rep. No. 92-72*, 92d Cong., 1st Sess. (1971), at 4." 412 U.S. at 568 (footnotes omitted).

Inasmuch as the states are free to grant in effect state copyright, it must be concluded that Congress has failed to exercise its copyright powers. Reason compels, therefore, rejection of the veiw that mechanical recordings enjoyed federal copyright protection before February 15, 1972, which represents what is being manufactured herein. For, not only would there be no requirement for state legislation, such enactments would be barred inasmuch as Congress would have indicated its view that a national uniform policy was necessary.

This analysis has already received support in the commentaries, *e.g.*, Goldstein, *"Inconsistent Premises"* and the *"Acceptable Middle Ground: A Comment on Goldstein v. California"*, 21 Bull. Cr. Soc. 25, 34-35 (1973). Professor Lewis L. Kurlantzick concludes that there is simply no place within the framework of the 1909 Act for the protection of sound recordings. He states that a construction placed on the statute like the *Duchess* court "is likely to result in excessive and unsuitable protection." 5 Conn. L. Rev. 204, 209-210 (1972).

Dorothy M. Schrader, Assistant Chief for Examining of the United States Copyright Office, criticized the *Duchess* decision for its interpretation of the words "similar use"; she found that

the court's rationale was unpersuasive and in conflict with the prevailing view. Schrader, *"Sound Recordings: Protection Under State Law and under the Recent Amendment to the Copyright Code"*, Ariz. L. Rev. 689, at 691, n. 10 (1972). Parenthetically, Ms. Schrader also noted that the Act did not prevent duplication, *id.* at 690, and that *Apollo* remained viable as modified by the compulsory license provision, *id.* at 691-2.

Finally, it is well known that the leading treatise on the subject of copyright, *Nimmer on Copyright*, agrees with the legal conclusion urged by petitioners. In describing the Tenth Circuit's interpretation in the *Duchess* case, he concluded:

> "This position appears to be both tenuous in terms of statutory language and contrary to express legislative intent." *Nimmer on Copyright*, §108.4621, p. 433.

II.

THE CRUCIAL NATURE OF THE ISSUE UNDER CONSIDERATION JUSTIFIES THE GRANTING OF CERTIORARI.

Contrary to the assertion which the Department of Justice espoused on page 13 of its brief as amicus curiae in *Colorado Magnetics, Inc. et al., Petitioners, v. Edward B. Marks Music Corporation, supra*, regarding the petition for a writ of certiorari to the United States Court of Appeals for the Tenth Circuit, substantial dispute does in fact exist among many commentators concerning the issue under consideration. Whether duplication of uncopyrighted sound recordings infringes the copyright on a

musical composition has not yet been determined in crystal clear fashion. As shown above, many eminent authorities conspicuously dispute that a proper interpretation of the Act forbids duplication under the compulsory license provisions.

As already stated, a vast amount of federal judges have ruled in favor of petitioners' point of view. In *Marks Music Corporation, supra,* the district judge in the Tenth Circuit, a judge on its Court of Appeals and two judges sitting en banc opposed the interpretation of the 1909 Act submitted by plaintiffs. Likewise, the district judge in the Ninth Circuit was reversed by only two of the three judges sitting on the Court of Appeals in the *Duchess Music Corp.* decision, *supra.* One of the circuit judges in the Fifth Circuit in the *Fame Publishing Co., Inc.* decision, *supra,* also held that no copyright infringement takes place where the compulsory license provision is followed. In the instant case, two of the three judges reversed the learned decision of Judge Lacey, *supra.*

The Justice Department also stressed within its *Marks* amicus curiae brief the implications to criminal law of the subject issue. It stated at footnote 2 of page 6 of its brief:

> "The interpretation given to Section 1(e) by this and similar cases will determine whether federal protection efforts will extend to unauthorized duplications of recordings fixed prior to February 15, 1972."

Fairly conceding at page 6 of said amicus brief that when the Sound Recordings Act was before Congress, it "took the

position that unauthorized duplications of recordings were not then prohibited by the copyright laws" by reason of the compulsory license provision, equal fairness now dictates that the Justice Department's present reversal of policy be put under the spotlight of in-depth analysis.

Argument will most probably be made that little economic impact will arise respecting the topic now under discussion, inasmuch as purportedly the duplication of pre-February 15, 1972 records will noticeably diminish as time goes by. Review of the stipulations of facts (Appendices F, G) reveals the importance of these "oldies" but "goodies" in the musical field. The desire for nostalgia, together with the immense popularity of the many records involved in this litigation, compels the conclusion that whether or not petitioners compete under law with plaintiffs is of paramount importance. The repeated oral arguments of plaintiffs before the courts around the country and below illustrate their belief and recognition in the financial importance of pre-February 15, 1972 recordings. And, as unfortunate as it may be, little doubt exists that pirating of records — without payment of the royalties rendered by petitioners and adherence to compulsory license provisions — will continue. However, the upholding of petitioners' interpretation would inevitably reduce pirating and enforce adherence to the law. A final conclusion as to the meaning of the copyright law should be made.

The pejorative phrases used by plaintiffs in characterizing defendants as "pirates," along with plaintiffs' resolve to confuse the present duplicators with those duplicators who neither file notices of intention to use nor pay royalties, show their fear of

fair competition. If plaintiffs sought enforcement of the compulsory license provisions plus the enactment of a compulsory royalty payment for artists, their monetary concerns could be resolved. Even if this would not occur, the proper remedy for plaintiffs' grievances lies with appropriate congressional legislation rather than arbitrary and improper scholarly interpretation of the Copyright Act.

CONCLUSION

For the foregoing reasons, it is respectfully submitted that the petition for writ of certiorari should be granted.

Respectfully submitted,

s/ Joel D. Siegal
Attorney for Petitioners

HELLRING, LINDEMAN & LANDAU
Of Counsel

APPENDIX A

OPINION OF UNITED STATES DISTRICT COURT DATED NOVEMBER 22, 1972

JONDORA MUSIC PUBLISHING COMPANY et al., Plaintiffs,

v.

MELODY RECORDINGS, INC., et al., Defendants.

Civ. A. No. 1741-72.

United States District Court,
D. New Jersey.

Nov. 22, 1972.

Copyright infringement action, in which one of the defendants moved to quash a previously issued writ of seizure and to vacate injunction which had been obtained by plaintiffs. The District Court, Lacey, J., held, inter alia, that a party who serves a notice of intent to use, and who pays compulsory license royalties to copyright holder, does not infringe a copyrighted musical composition by making a copy of such composition as rendered by a licensee of the copyright holder since, as to sound recordings that were first recorded, published and copyrighted prior to February 15, 1972, neither the performance nor the recording by the licensee was copyrightable.

Motions granted.

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1. Copyrights ⇐71, 85

Plaintiffs in copyright infringement action, by their misstatements, practiced a fraud on the court on their ex parte application for a writ of seizure, and order would be entered vacating the writ of seizure and dissolving the injunction that the court had issued. 17 U.S.C.A. §§1 et seq., 101(c, d); Copyright Rules, rules 3-13, 17 U.S.C.A. following section 101.

2. Copyrights ⇐66

A party who serves a notice of intent to use, and who pays compulsory license royalties to copyright holder, does not infringe a copyrighted musical composition by making a copy of such composition as rendered by a licensee of the copyright holder, since, as to sound recordings that were first recorded, published and copyrighted prior to February 15, 1972, neither the performance nor the recording by the licensee was copyrightable. 17 U.S.C.A. §§1(e), 5(n), 26, 101(c-e).

Lum, Biunno & Tompkins by C. Stephen Barrett, III, Newark, N.J. (Abeles & Clark, New York City, of counsel), for plaintiffs.

Glauberman & Weiss by Sheldon A. Weiss, Jersey City, N.J., for defendants U.S. Tape Inc. and George Tucker.

MEMORANDUM OPINION

LACEY, District Judge:

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Plaintiffs herein are music publishing companies which on their own behalf, and on behalf of the class they purport to represent (claimed to be 3500 music publishers), seek to permanently enjoin the unauthorized manufacture and sale of recordings serving to reproduce mechanically many of their copyrighted musical compositions. This practice is referred to in the trade as "bootlegging" or "pirating". Plaintiffs invoke jurisdiction under Section 1, *et seq.* of the Copyright Act (the Act), 17 U.S.C. §1 *et seq.* In addition to an injunction against further infringement, damages for past infringement are sought. Defendants have not yet filed Answers to the Verified Complaint.

Simultaneously with filing of the complaint, verified October 18, 1972, by Albert Berman, managing director of The Harry Fox Agency, Inc., alleged in the verification to be "authorized agent for the plaintiffs herein in the licensing of the rights of mechanical reproduction in their respective copyrighted musical works," plaintiffs applied *ex parte* for a writ of seizure. *See* 17 U.S.C. §101(c)(d); Rules 3-13, Rules of Practice for Copyright Cases, as adopted by the United States Supreme Court (17 U.S.C. p. 276, et seq.). Said application was supported by the averments of the verified complaint, certain affidavits, and bonds. Impressed by the forceful and persuasive documentation thus submitted, I signed Orders on October 25, 1972, directing the clerk to issue writs of seizure for impounding materials owned by the various defendants which they were allegedly using to "bootleg" and "pirate" plaintiffs' copyrighted musical compositions. Execution on the issued writs commenced the same day.

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The matter immediately before me relates to the defendant U.S. Tape, Inc. Having heard through industry circles of the aforesaid writs having been issued, it, through its president, George Tucker, communicated with its counsel, Sheldon Weiss, Esq., who thereafter appeared before me with plaintiffs' counsel, on October 26, 1972, on an application to stay execution of the seizure writ. I entered an order staying execution, based upon U.S. Tape's entering into an injunction which effectively enjoins it from manufacturing or selling its products. At the same time, I set down for argument U.S. Tape's application to quash the writ of seizure and to vacate the aforesaid injunction. Argument was heard on November 9, 1972. Additionally, I have had the benefit of review of answering affidavits from Mr. Tucker, David Jensen, and Niki Giatros, a reply Affidavit from Frank Comerci, and briefs.

THE FACTS

The plaintiffs' documentation in support of their application for a writ of seizure against U.S. Tape, Inc. comprised the Berman-verified Complaint and the Berman and Tempesta affidavits. They persuaded me — and I confess I believed what they asserted — that U.S. Tape, in addition to being a "bootlegger" or "pirate" (plaintiffs' characterizations) or a duplicator (defendants' characterization), had used plaintiffs' copyrighted musical compositions without paying royalties; operated furtively to avoid detection; used a "phony" name; utilized a post office box instead of an office; hired a telephone answering service, again, to avoid detection; that when its "operation had been uncovered," it had "promptly

abandon[ed] . . . [its] currently occupied premises and continue[d] operations in another clandestine location, . . ." I was told, for example, that a "typical bootleg . . . operation can be moved completely within a matter of hours . . . [and] once a duplicating plant has been pinpointed, it is essential that the means for making the infringing recordings be seized in order to preclude transfer thereof to another secret location." I was told too that at the premises of U.S. Tape, Inc. there was nothing to identify it as their place of business. Further I was advised that this defendant was conspiring with others "to deprive the Class Plaintiffs of rights in . . . [their] copyrighted musical compositions," that it had joined in a "syndicate" with others, that it had only "feigned compliance" with the Copyright laws by "indiscriminate and erroneous notices of intention . . ." with checks in "trifling amounts" in purported payment of royalties, was guilty of "sham and a pretense," and had no intention of "furnishing reports, and making full payment of royalties."

I was not told that on June 20, 1972, defendant's counsel had written to plaintiffs' counsel taking a forthright stand as to non-liability, that numerous notices of intention had been filed and served by the defendant, and that $4,000 to $6,000 a month of royalties was being paid by the defendant to plaintiffs and other music publishers. Nor was I told that some of the publishers had accepted the royalty payments while others had, through the Fox organization, returned defendant's checks. These material facts were not conveyed to me. Moreover, it was soon to develop, false affirmative statements were embodied in the affidavits and verified complaint tendered to me *ex parte* for the drastic remedy of seizure.

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This is revealed in the deposition taken of Mr. Berman on November 2, 1972, by counsel for U.S. Tape, Inc. I shall not deal with the deposition in detail. I shall simply say that it demonstrates clearly and completely that the deponent, Mr. Berman, advanced, as to U.S. Tape, Inc., shocking misstatements in his verified complaint and affidavit which I had relied on as being true and credible in issuing the aforesaid writ as to this defendant.

As if this were not enough, U.S. Tape, Inc. having submitted substantial answering affidavits denying the aforesaid charges made by plaintiffs (except for the admission of copying), plaintiffs reply by affidavit only to the extent of claiming that seizure and physically moving of defendant's equipment would not create serious hardship and expense.

I therefore adopt the following, taken from defendant's brief, as an accurate statement of the factual posture of the case at this time, and make congruent findings of fact (Brief of U.S. Tape, at 2-6):

> The operative facts are fully set forth in defendant's affidavits, and need not be repeated at length in this memorandum. We do wish, however, to refer to some of the allegations of the "verified" complaint which are palpably untrue, as applied to the activities of U.S. Tape.
>
> The complaint alleged (pars. 16 and 18) that the defendants named therein "have entered into a

plan and conspiracy to deprive plaintiffs of rights in copyrighted musical compositions . . . "; have "organized a syndicate in New Jersey to engage exclusiveiy in the manufacture and sale of bootleg recordings in the form of tape cartridges . . . "; and that "in the manufacture and sale of such bootleg tape cartridges, legitimate recordings, names of recording artists and copyrighted musical compositions are used without authorization, license or consent and without compensation therefor . . . ". In addition, plaintiffs charged (pars. 19) that the defendants established a highly "clandestine" operation for the manufacture of said tape cartridges, used "post office boxes and defendant American Copyright Research, Inc., for the purpose of concealing their locations from [The Harry Fox] Agency", and used other means designed to "camouflage their operation and avoid exposure."

The foregoing allegations are utterly false as applied to U.S. Tape. See, *e.g.*, Tucker affidavit, pars. 22 to 26. Nor, we might add, did the plaintiffs have any reasonable grounds to make such charges against this defendant in the first place, as is abundantly clear from Mr. Berman's admissions on depositions. See *e.g.*, pp. 6, 15-16, 23, 31 to 33, 39 to 44, and 97 to 99.

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As to Mr. Berman's affidavit, on depositions he admitted that in most respects, his description of the typical, so-called "bootleg" operation either did not apply to U.S. Tape, or that he had no knowledge of whether it did or not. As to the statement in par. 3, that the "bootleggers make no royalty payments", and therefore the music publishers receive "no return" for the use of their compositions, he admittedly was in no position to deny U.S. Tape's assertion that it has paid royalties in the full statutory amount, in which case the plaintiffs-publishers would have received the same royalties they receive from other record manufacturers. (pp. 60 to 63; 67-68 and 80). As to par. 5 of his affidavit, Mr. Berman could point to no moneys or effort expended by The Harry Fox Agency to "search out" U.S. Tape's location — the Agency did not even "invest" in a phone call to either of the numbers listed on U.S. Tape's notices of intention. (81-22 to 82-14); nor could he point to any steps taken by U.S. Tape to conceal its location or the identity of its principal. He admitted that to his knowledge, U.S. Tape has never used a coined or fictitious name, a post office box or telephone answer services (85-21 to 86-6; 39-13 to 44-1).

As to his assertion (par. 5) that the "typical" duplicating operation can be moved completely within a matter of hours with the aid of an

electrician able to disconnect the equipment and a moving van," Mr. Berman had never seen U.S. Tape's operation, has no expertise in the technical end of sound recording duplication, and knew "nothing" about the sensitivity of U.S. Tape's equipment (86-3 to 87-7). As to Mr. Tempesta's affidavit, even if taken at face value (but see Mr. Tucker's affidavit, pars. 29 and 30), it merely demonstrates that the Fox Agency had no difficulty in locating (or "penetrating") U.S. Tape's premises.

In short, the complaint and affidavits filed by plaintiffs, which depicted U.S. Tape as a "bootlegger" operating clandestinely and ready to go "underground" at a moment's notice upon "discovery" of its operation, not only have been exposed as sham, but as having been made by someone, on plaintiffs' behalf, who lacked any reasonable basis to believe they were true in the first place.*

* Mr. Berman's sources of information and belief, according to his verification, consisted of "copyright documents, recordings and memoranda of plaintiffs' counsel [Abeles & Clark, Esqs.], all of which are in the possession of plaintiffs' counsel." However, Mr. Berman's deposition revealed: (pp. 6 to 13) (a) the "copyright documents" referred only to the musical composition copyrights listed in the Schedules annexed to the complaint; (b) "recordings" referred only to the tapes manufactured by U.S. Tape, and (c) there were *no* written memoranda of plaintiffs' counsel which in any way referred to the activities of U.S. Tape. Moreover, Mr. Clark's "file" on U.S. Tape included a copy of our letter, as attorneys for U.S. Tape, to Abeles & Clark, dated June 20, 1972 (Exhibit "B" annexed to the Tucker affidavit), and notices of intention to use, all of which were signed by Mr. Tucker, as president, and bore U.S. Tape's address and telephone

(Cont'd)

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Plaintiffs also asserted in the complaint (par. 19), that the defendants, including U.S. Tape, "feigned" compliance with the compulsory license provisions of the Act by mailing "indiscriminate and erroneous" notices of intention, and by sending royalty checks in "trifling" amounts (par. 20(b)), and thus defendants' "purported" compliance with the compulsory license provision "was not in good faith, but rather a sham and a pretense" (par. 21). Miss Giatras' affidavit, however, established that U.S. Tape has in fact complied with the cumbersome procedures of the compulsory license provisions of the Act, by: (a) filing proper notices of intention to use prior to the manufacture thereof, 17 U.S.C. §101(e); and (b) making monthly reports and royalty payments to the plaintiffs at the statutory rate, 17 U.S.C. §1(e). And Mr. Berman admitted on depositions that he knew of no case in which U.S. Tape mailed "indiscriminate or erroneous" notices of intention (51-2 to 8); nor was he suggesting that U.S. Tape did not pay royalties at the statutory rate (61-17 to 21). Thus, U.S. Tape's compliance with the compulsory license provisions cannot conceivably be characterized as a "sham and a pretense"; but those epithets do

(Cont'd)
numbers, none of which are fictitious. Those documents hardly were consistent with plaintiffs' assertion that U.S. Tape was trying to conceal either its identity, location, or the nature of its business.

accurately describe the allegations of the complaint.

THE LAW

Plaintiffs' counsel has argued that, even with the facts as I now perceive them to be, their clients are entitled, as a matter of law, to a writ of seizure against the defendant. I must disagree.

[1] By their misstatements plaintiffs practiced a fraud on this Court on their *ex parte* application. Accordingly I shall enter an order forthwith vacating the writ of seizure and dissolving the injunction.

As was stated by the United States Supreme Court in Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co., 324 U.S. 806, at 814-15, 65 S.Ct. 993, at 997-98, 89 L.Ed. 1381:

> The guiding doctrine in this case is the equitable maxim that "he who comes into equity must come with clean hands." This maxim is far more than a mere banality. It is a self-imposed ordinance that closes the doors of a court of equity to one tainted with inequitableness or bad faith relative to the matter in which he seeks relief, however, improper may have been the behavior of the defendant. That doctrine is rooted in the historical concept of court of equity as a vehicle for affirmatively enforcing the

requirements of conscience and good faith. This presupposes a refusal on its part to be "the abettor of inequity." Bein v. Heath, 6 How. (47 U.S.) 228, 247, [12 L.Ed. 416]. Thus while "equity does not demand that all suitors shall have led blameless lives," Loughran v. Loughran, 292 U.S. 216, 229, [54 S.Ct. 684, 78 L.Ed. 1219], as to other matters, it does require that they shall have acted fairly and without fraud or deceit as to the controversy in issue. Keystone Driller Co. v. General Excavator Co., 290 U.S. 240, 245, [54 S.Ct. 146, 78 L.Ed. 293]; Johnson v. Yellow Cab Co., 321 U.S. 383, 387, [64 S.Ct. 622, 88 L.Ed. 814]; 2 Pomeroy, Equity Jurisprudence (5th Ed.) §§379-399.

This maxim necessarily gives wide range to the equity court's use of discretion in refusing to aid the unclean litigant. It is "not bound by formula or restrained by any limitation that tends to trammel the free and just exercise of discretion." Keystone Driller Co. v. General Excavator Co., supra, [290 U.S.] 245, 246, [64 S.Ct. 622]. Accordingly, one's misconduct need not necessarily have been of such a nature as to be punishable as a crime or as to justify legal proceedings of any character. Any willful act concerning the cause of action which rightfully can be said to transgress equitable standards of conduct is sufficient cause for the invocation of the maxim by the chancellor.

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In all fairness, it should be stated that local counsel is not blameworthy. He accepted, as I did, the Berman submissions at face value. The fault lies with New York City counsel herein who are apparently also general counsel for many of the plaintiffs and The Harry Fox Agency. The facts presented lead me to assume that that firm determined, without analysis, to transport into this case, without distinction as to any defendants, the same kind of biting allegations made by their clients against record duplicators in other suits heretofore instituted in great numbers throughout the United States. Notwithstanding the bitterness with which plaintiffs and said general counsel regard defendants' activities, counsel should have sifted meticulously as to all defendants each of the sworn averments presented to me *ex parte* to obtain the extraordinary seizure relief. By failing to do so they violated that confidence which a tribunal must place in counsel.

I am vacating the writ of seizure on another ground as well. For the reasons hereinafter set forth, and with all deference, I believe that Duchess Music Corporation v. Stern, 458 F.2d 1305 (9th Cir. 1972), reh. and request for rehearing en banc denied, cert. denied, 409 U.S. 847, 93 S.Ct. 52, 34 L.Ed.2d 88 (1972), relied upon by plaintiffs, does not correctly state the law.

For an understanding of the music publishing and recording industry, and the issues herein, there is to be distinguished a musical composition (the words and music of a song or tune) on the one hand, and the musical performance of that composition by recording artists, on the other. Also, the musical composition and the performance thereof must be differentiated from the

physical objects, such as the records and tapes, on which the performance is mechanically reproduced. The legal issue in this case can then be stated: did Congress by the Copyright Act of 1909 grant to musical composition copyright holders the power to prevent third persons from copying a particular performance of that composition, where (a) with the copyright holder's permission, the performance has already been fixed on a physical object capable of reproducing it, and (b) the third person has complied with the compulsory license provisions of the Act by filing and serving notices of intention and paying royalties to the copyright holders?

The Constitution provides that Congress has the power to grant and regulate copyrights:

> The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries. U.S.Const., Art. I, §8, cl. 8.

Title 17 of the United States Code embodies the statutory fabric known as the Copyright law.

Construction is required of the remedial and compulsory licensing provisions of the Copyright Act of 1909, 17 U.S.C. §§1(e) and 101(c), (d) and (e), relating as they do to copyright protection for musical compositions and its application to sound recordings.

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We start with the Act insofar as it gave protection to composers against mechanical reproduction of their music. As it stated in *Duchess*, while giving the composer the exclusive right to prohibit the use of his music "by the mechanical reproducers," it also provided that if he permitted mechanical reproduction, then, upon the payment of a reasonable royalty, all who desired might "reproduce the music." 458 F.2d at 1309, quoting from H.R.Rep. 6 (1909).

Congress thus passed §1(e) of the Copyright Act, 17 U.S.C. §1 et seq., which in pertinent part reads:

> *Provided* . . . as a condition of extending the copyright control to such mechanical reproductions, that whenever the owner of a musical copyright has used or permitted or knowingly acquiesced in the use of the copyrighted work upon the parts of instruments serving to reproduce mechanically the musical work, any other person may make similar use of the copyrighted work upon the payment to the copyright proprietor of a royalty of 2 cents on each such part manufactured, to be paid by the manufacturer thereof. . . .

Section 101(e) of the Copyright Act, 17 U.S.C. §101(e), provides in pertinent part:

> *Interchangeable parts for use in mechanical music-producing machines.* — Interchangeable

> parts, such as discs or tapes for use in mechanical music-producing machines adapted to reproduce copyrighted musical works, shall be considered copies of the copyrighted musical works which they serve to reproduce mechanically for the purposes of this section 101 and sections 106 and 109 of this title, and the unauthorized manufacture, use, or sale of such interchangeable parts shall constitute an infringement of the copyrighted work rendering the infringer liable in accordance with all provisions of this title dealing with infringements of copyright and, in a case of willful infringement for profit, to criminal prosecution pursuant to section 104 of this title.

To repeat then, §1(e) of the Copyright Act provides in pertinent part that after the owner of the copyright in a musical work has authorized its use in the manufacture of parts of instruments ". . . any other person may make a similar use. . . ." This is the so-called "compulsory license" provision. It is upon this that defendant relies. It claims that it has taken advantage of it, has filed the requisite notices of intention, and made (or tendered) the requisite royalty payments, all of which I must credit in view of the record. Plaintiffs on the other hand contend that the "compulsory license" provision is not available to a duplicator of the recordings of the licensees of the copyright proprietor. Thus, plaintiffs' counsel herein, having represented the plaintiff-appellant in *Duchess*, states that the question of law as framed therein for the Court of Appeals was as follows (Plaintiffs' Reply Brief herein, at 3):

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The compulsory license provision of the Copyright Act (17 U.S.C. §1(e) . . .) which applies to certain recordings of a copyrighted musical work, provides that after the copyright owner has authorized the first use of the copyrighted musical work in making such recording, ". . . any other person may make a similar use of the copyrighted work . . ." upon specified conditions.

Does the right to make a "similar use" permit duplication of the recordings of the copyrighted musical work made by another under a prior license, or is it restricted to making new recordings of the copyrighted musical work?

The *Duchess* court stated (458 F.2d at 1310-11):

The statute provides that anyone who properly invokes the license provision "may make *similar use* of the copyrighted work." (emphasis supplied.) Rosner admits that she duplicates appellants' copyrighted compositions. She does not make "similar use" of them, she makes exact and identical copies of them. This is clearly outside the scope of the compulsory license scheme. . . . Rosner may, of course, record appellants' songs, when she hires musicians, artists, and technicians. Instead, she steals the genius and talent of others. She deceives others

into thinking that her tapes represent her own work. She has no "right to copy." *See* Capitol Records, Inc. v. Greatest Records, Inc., 43 Misc.2d 878, 252 N.Y.S.2d 553 (S.Ct., 1964). She may not continue her piracy under the flag of compulsory licensing.

The *Duchess* court relied upon Aeolian Co. v. Royal Music Roll Co., 196 F. 926 (W.D.N.Y.1912), which, at 927, had stated:

> The provision of the statute (section 1(e)) that "any other person may make similar use of the copyrighted work" becomes automatically operative by the grant of the license; *but the subsequent user does not thereby secure the right to copy the perforated rolls or records. He cannot avail himself of the skill and labor of the original manufacturer* of the perforated roll or record by copying or duplicating the same, but must resort to the copyrighted composition or sheet music, and not pirate the work of a competitor who has made an original perforated roll.

Accordingly, to afford the licensee a remedy against piracy of this kind the court concluded that not only the copyright owner, but its licensee, alone, could invoke the general injunction provision of the Act against such practice.

I think *Aeolian* was wrongly decided as I think *Duchess* was wrongly decided.

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I can do no better in analyzing *Aeolian* than did the District Judge in *Duchess* (who was reversed by the Court of Appeals):

> Although Aeolian has never been expressly overruled, it has been meagerly cited and severely criticized. First of all, sections 1(e) and 101(e) dictate that there be no exclusive licensee of the rights of mechanical reproduction. The Aeolian decision which would nevertheless allow a licensee to seek an injunction on such grounds is fundamentally incompatible with the above-mentioned compulsory license principle. Furthermore, "[i]f the [Aeolian] court's reasoning is right, the practical effect would be to give the licensee a copyright in his record." Note, Piracy on Records, 5 Stan.L.Rev. 433, 445 (1953), something Congress has not seen fit to do. E.g., Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657, 105 USPQ 163 (2d Cir. 1955).
>
> Nevertheless, plaintiffs would argue that Aeolian's rationale condemning the practice of a subsequent manufacturer appropriating the labor and skills of a competitor by duplicating the latter's product is significantly similar to and compatible with certain common law rules of unfair competition which would prohibit such duplicating or pirating. By this approach they would have the Court infer that the manufacturing defendants are not entitled to

avail themselves of the compulsory license feature of the Act. But this point only serves to illustrate another woeful inadequacy of the present copyright legislation. Copyright plaintiffs seek injunctive relief exclusively under the Act and not under any theory of unfair competition or unfair trade practice and, under the Act, Congress has not differentiated between a subsequent manufacturer who imitates another manufacturer's product and one who merely duplicates or appropriates the product with little or no investment of skill, talent or money.

In Miller v. Goody, 139 F.Supp. 176, 108 USPQ 409 (S.D.N.Y.1956), rev'd on other grounds sub nom. Shapiro Bernstein & Co. v. Goody, 248 F.2d 260, 115 USPQ 36 (2d Cir. 1957), the court at 177, 108 USPQ at 411, expressly recognized the bootlegger's or pirates's right to avail himself of the compulsory license provision of the Act:

> Krug was entitled to manufacture recordings of these selections provided he filed notice of his intention to do so, and provided he paid the copyright proprietors a royalty of 2 cents for each record manufactured.

One commentator, in scrutinizing the implications of the above-quoted passage, has

succinctly described the dilemma posed — a dilemma which cannot be circumvented by relying on the Aeolian decision, as plaintiffs have attempted to do:

> The language of the Copyright Act would seem to include Krug, the pirate, as a member of that class of subsequent manufacturers favored by the lenient compulsory licensing provisions. But to follow the * * * court in actually regarding him as such results in the hopeless paradox of granting statutory privileges vis-a-vis the copyright holder at the same time that the dictates of common sense and common law demand penalty vis-a-vis the performer and the recorder. 13 Rut.L.Rev. 365, 367 (1958).

Stated otherwise, it would appear to be inconsistent in the least to allow plaintiffs to allege infringement under the Act and then on the other hand, selectively deny its applicability to defendants.

As to *Miller*, referred to in the above quotation, it appears that the defendant therein, Krug, taped some of Glenn Miller's recorded wartime radio broadcasts, and from these tapes manufactured his own records, which he sold to defendant Goody, a record retailer. Each of the songs had previously been

recorded by Glenn Miller and hence the "compulsory license" provisions of the Act applied with respect to the musical composition copyrights. However, Krug never attempted to comply therewith. Nonetheless Judge Kaufman held that, had he paid the 2¢ royalty, he could have manufactured the recordings. The Court of Appeals for the Second Circuit did not disapprove the above-quoted language, although it did reverse on the question of whether Goody, the retailer, was liable for the statutory royalties. *See* 248 F.2d at 261.

[2] It is my view that the *Duchess* opinion in the Court of Appeals erroneously interprets the "compulsory license" provision of the Copyright Act. Simply stated, that court believed that because a musical composition is copyrighted, the unauthorized reproduction of the performance embodied in the sound recording of that composition is, and ought to be, prohibited by federal copyright laws. But that clearly was not the law when *Duchess* was decided. Neither performance nor recording was copyrightable. It might have been unethical, or, in some states, because there was a felt necessity for statutory intervention, a crime to "steal" a recording of a performance and thereafter sell it as your own. But clearly the licensee-manufacturer had no claim under the Copyright Act. Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657 (2d Cir. 1955); Nimmer on Copyright, at 431-32 (1972 ed.). Regulation §202.8(b) of the Copyright Office (37 C.F.R., Ch. II, Part 202.8) provided:

> A phonograph record or other sound recording is not considered a "copy" of the composition

> recorded on it, and is not acceptable for copyright registration. Likewise, the Copyright Office does not register claims to exclusive rights in mechanical recordings themselves, or in the performance they reproduce.

Both sides herein have cited commentators in support of their respective positions. I think defendant has the better of it in this respect.

Defendant cites *Nimmer,* as follows:

> As stated in *Nimmer, supra,* §108.3, at 420-21:
>
> > All of the other rights granted to the copyright owner are exclusive with him. This is also true of the right to record as it relates to non-dramatic literary works and to dramatic works. The situation is more complicated, however, with respect to the right to record as it relates to musical compositions. The Congress which enacted the present Copyright Act was concerned with the possible emergence of "a great music monopoly." In order to avoid such an eventuality it was provided that the right to record musical compositions is an exclusive right only if and to the extent the copyright

> owner does not permit any recording to be made of the work. Once such a recording has been authorized, thereafter the right to record becomes non-exclusive, subject to the terms and conditions of the compulsory license provision of Sec. 1(e).

Thus, with respect to the duplication or re-recording of previously authorized recordings of copyrighted musical compositions, Professor Nimmer states (§108.4621, at 431-32):

> Assuming such a record pirate duly serves a notice of intent to use, and pays the compulsory license royalties, the somewhat astounding result is that as to those sound recordings fixed prior to February 15, 1972, he is not an infringer under the Copyright Act. The only portion of that which he has recorded which is protectible under the Copyright Act, with respect to sound recordings fixed prior to February 15, 1972, is the musical composition itself, and that he is authorized to use for recording purposes upon payment of the statutory royalties. All of the other elements contained in the original record which he has without authority duplicated are not

copyrightable, and hence his use of such other elements does not give rise to an action for copyright infringement.

Parenthetically, I shall deal shortly with the February 15, 1972 amendments (Public Law 92-140).

As Professor Nimmer states, to take a contrary view would "in effect recognize a right of copyright in a recording without statutory justification and contrary to the expressed legislative intent." Id. at 433. Nimmer therefore concluded: "Despite a dearth of authority expressly holding that record piracy (assuming payment of statutory royalties) is not a copyright infringement, this conclusion seems inescapable for the reasons above indicated." (Id.)

For a penetrating analysis of *Duchess, see* International Tape Mfrs. Ass'n v. Gerstein, 344 F.Supp. 38, 52-53 (S.D. Fla.1972), (District Judge Layton, sitting by assignment). This case, it is noted, is on appeal to the Fifth Circuit.

Plaintiffs argue it would be inconceivable to afford duplicators the benefit of the "compulsory license" provision and thereby allow a duplicator to do that which is a crime, or unfair competition, under state law. Their argument carries them too far. It is precisely because licensee-manufacturers had no relief under the Copyright Law where the copyright holder accepted the "compulsory license" royalties that the national recording companies got state legislation on the books. *See International Tape Mfrs. Ass'n., supra,* as to the validity of such legislation.

Of course, the existence of relief by way of unfair competition does not call for an interpretation of the Copyright Act that effectively gives the aggrieved licensee-manufacturer statutory relief where it does not exist.[1]

Both sides also refer to industry understanding of the law. Again, defendant has the better of it. *See* Exh. A to Tucker affidavit, indicating the distinction drawn in the music industry between "legal" duplicators, who operated "openly and legally under the 1908 Copyright Law", and the "out and out pirates, counterfeiters and bootleggers [who] operate sub rosa, pay no royalties for the copyrighted music and flood the country with cheap tape copies of hit records."

We turn now to a consideration of P.L. 92-140, the Sound Recording Amendment of 1971. About the same time that the defendants in *Duchess* were attempting to take advantage of the loopholes in the Copyright Act, the music industry was obviously pressing Congress to close the gaps. On April 20, 1971, S. 646, the bill which eventually became P.L. 92-140, was passed in the Senate and sent on to the House. The legislative history of S. 646 clearly demonstrates that Congress likewise

1. *See International Tape Mfrs. Assn., supra* at 47-48

> Prior to the enactment of 92-140, the authorities held that sound recordings were not copyrightable; thus, the owner of a master disc could not look to the federal copyright laws for protection against the making of copies from a copy of the master disc.
>
> As a result, master disc owners turned to the several states to obtain protection, seeking refuge in the laws of unfair competition. [footnotes omitted]

distinguished between "legal duplicators" and "bootleggers".[2] Both the Senate and House Reports on S. 646 state that under then existing law:

> If the unauthorized producers pay the statutory mechanical royalty required by the Copyright Act for the use of copyrighted music, there is no

2. Judge Laytou in *International Tape Mfrs. Assn., supra,* refers to International News Service v. Associated Press, 248 U.S. 215, 39 S.Ct. 68, 63 L.Ed. 211 (1918); Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964); Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964), and states (344 F.Supp. at 49-50):

> Although both *Sears* and *Compco* were suits involving invalid patents, the language of *Compco* specifically includes copyrights within the scope of its decision limiting the sweep of state unfair competition laws. The interrelationship between *International News Service* on one hand, and *Sears* and *Compco*, on the other, is of crucial importance in understanding the legislative intent behind the enactment of Public Law 92-140. Because sound recordings as such were not afforded federal copyright protection, and since *Sears* and *Compco* seemed to undercut *International News Service* by prohibiting states from providing effective civil or criminal remedies to sound recording owners, Congress chose to place sound recordings within the ambit of protection provided by the federal copyright laws:
>
> > "The purpose of [the bill] is twofold. First, Section 1 of the bill creates a limited copyright in sound recordings, as such, making unlawful the unauthorized reproduction and sale of copyrighted sound recordings. * * * [T]his right is applicable only to sound recordings fixed, published, and copyrighted on or after the effective date of the legislation and before January 1, 1975. Second, Section 2 of the bill provides that persons engaging in the
>
> *(Cont'd)*

Appendix A

Federal remedy currently available to combat the unauthorized reproduction of the recording. . . .

* * *

The enactment of S. 646 will mark the first recognition in American copyright law of sound recordings as copyrightable works." S.R. 92-72, p. 4; H.R. 92-487, pp. 2 and 5. U.S. Code Cong. & Admin. News, 1971, p. 1567.

The House Report also states that any persons who "satisfy the claim of the owner of the musical copyright . . ." (i.e., by filing the appropriate notice of intention to use and paying the statutory royalty) "can and do engage in widespread unauthorized reproduction of phonograph records and tapes without violating Federal copyright law". H.R. 92-487, p. 2.

That defendant U.S. Tape's activities in no way infringe upon plaintiffs' musical composition copyrights is further demonstrated by the nature of the remedy chosen by Congress to deal with tape and record duplication. As stated above, the musical compositions, which are generally owned by publishing companies, must be distinguished from the performances of the

(Cont'd)

unauthorized use of copyrighted musical works in recordings shall be subject to all the provisions of title 17 dealing with infringement of copyrights and, in the case of willful infringement for profit, to criminal prosecution pursuant to Section 104. U.S. Code Cong. & Admin. News, p. 1567." [Citing House Report No. 92-487.]

compositions on a sound recording, which are arranged and paid for by the record companies. Since any record manufacturer is free to use the composition (once the copyright proprietor has permitted any record to be made of his song), and since duplicators should pay the creators of the composition at least the same royalty that the record companies pay, the copyright proprietor suffers no pecuniary loss from duplication, as long as the statutory royalties are paid by the duplicator. (Parenthetically, it is noted that many duplicators were operating outside the law, and were not paying the statutory royalties to the copyright proprietor). On the other hand, the duplicators' activities did reduce the profits of the record companies (and the performing musicians as well, if this were being paid by the record company on a royalty basis). But neither the record companies nor the performers had any copyrights in the recordings.

To remedy the situation, Congress, in §1 of Public Law 92-140, created a limited copyright in sound recordings of performances of musical compositions.[3] However, Congress also provided in §3 of the Amendment that:

3. More specifically, Section 1 of P.L. 92-140 did the following: (a) amended 17 U.S.C. §5 adding "sound recordings" to the classes of "works" to which a copyright may be registered (now 17 U.S.C. §5(n)); (b) defined "sound recordings" as "works that result from the fixation of a series of musical, spoken, or other sounds . . .", and defined "reproductions of sound recordings" as "the material objects in which sounds . . . are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, [and specifically including 'disks or tapes for use in mechanical music-producing machines'][" (now 17 U.S.C. §26(e); and (c) amended 17 U.S.C. §1 by adding a subsection (f), which provided that the copyright owner shall have the exclusive right to reproduce and distribute to the public . . . "reproductions of the copyrighted work if it be a sound recording".

Appendix A

> The provisions of title 17, United States Code, as amended by section 1 of this Act, shall apply only to sound recordings fixed, published, and copyrighted on and after the effective date of this Act [*i.e.*, February 15, 1972] and before January 1, 1975, and nothing in title 17, United States Code, as amended by section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act.

Thus, the record companies, which theretofore had no federal copyright protection for their recordings, or for the musical performances they served to reproduce, were afforded a sound recording copyright. But such protection was given only prospectively — it applies only to sound recordings that were "fixed (i.e., first recorded), published, and copyrighted" after February 15, 1972.

It is noteworthy that, while the "compulsory licensing" provisions remain for the musical composition copyright, the copyright protection for sound recordings did not include, as granted by the Amendment, a provision for "compulsory licensing." As to this, a three-judge court has said, in Shaab v. Kleindienst, 345 F.Supp. 589 (D.D.C.1972), at 590:

> Technical advances, unknown and unanticipated in the time of our founding fathers, are the basis for the sound recording industry. The copyright

clause of the Constitution must be interpreted broadly to provide protection for this method of fixing creative works in tangible form.

Sound recording firms provide the equipment and organize the diverse talents of arrangers, performers and technicians. These activities satisfy the requirements of authorship found in the copyright clause, which point has been conceded by the plaintiff at oral argument.

The 1909 revision of the copyright clause contains a compulsory licensing provision with respect to copyrighted musical compositions. There is no such provision in 92-140. The Court finds this distinction between the two provisions is rational and reasonable. The provision for compulsory licensing of copyrighted musical compositions promotes the arts by permitting numerous artistic interpretations of a single written composition.

If Congress in 92-140 had extended the compulsory licensing provisions to call for licensing of companies that wish to make and sell identical versions of the recorded compositions, these public benefits would not result. Consumer choices would not be broadened since identical interpretations would be supplied first by the originator and later by the licensee. Equally

> important, competition and the creative aspects of the industry would be impaired since established recording firms would be discouraged from investing in new arrangements and performers, if they were compelled to license their successful interpretations to those desiring to take advantage of the originator's initiative and to add nothing themselves.
>
> The purpose of Public Law 92-140 is to provide a limited copyright in sound recordings to protect against unauthorized duplication and "piracy". The specific language in the bill is designed to carry out that purpose. Accordingly, the argument that the legislation is ambiguous is without merit.

Again, the music publishers, on the other hand, neither sought nor obtained any enlargement of the scope of their non-exclusive musical composition copyrights. No changes were made in the language of the compulsory license provisions in 17 U.S.C. §1(e) or in the "notice of intention to use" requirement of 17 U.S.C. §101(e). Thus, with respect to the records and tapes which were not "fixed" after February 15, 1972, any person could still engage in record and tape duplication "without violating Federal Copyright law," provided he complied with the compulsory license provisions of the Act.

However, Congress did give the music publishers a more effective weapon to deal with the illegal duplicators who did not

pay royalty. Section 2 of P.L. 92-140, which unlike §1 was effective immediately, amended 17 U.S.C. §101(e) so as to subject those who did not comply with the compulsory license provision of the Act to civil liability "in accordance with all provisions of this title dealing with infringements of copyright and, in the case of a willful infringement for profit, to criminal prosecution pursuant to [17 U.S.C.] 104."[4]

Thus, the legislative history of P.L. 92-140, and the precise remedies chosen by Congress to deal with the subject, manifest an expressed intent by Congress to permit such tape and record duplication to continue under the compulsory licensing provisions of the Copyright law, with respect to all sound recordings "fixed" prior to February 15, 1972.

I also find persuasive defendant's argument that if Congress had intended to make duplicators liable after October 15, 1971, for infringement of musical composition copyrights, regardless of whether the duplicator complied with the compulsory license provision, Congress could have simply amended §1(e) by excluding from the benefits thereof those making an "exact" or "identical" copy of a pre-existing recording. Thus, if Congress had desired to make all duplicators immediately liable for infringement of musical composition copyrights, it easily could have done so by restricting the compulsory license privilege in some fashion. Instead, Congress created a new copyright in the sound recordings of performances of copyrighted musical works,

4. Prior thereto, §101(e) expressly precluded any criminal sanctions, and limited the liability of illegal duplications to civil damages not to exceed three times the statutory royalty, and injunctive relief.

etfective, however, only with respect to performances on recordings that were "fixed, published and copyrighted" four months after the effective date of the 1971 Amendment.

Plaintiffs, of course, do not and cannot invoke herein this newly-created "sound recording" copyright, because (a) the records which defendant duplicates all were "fixed" (first recorded) prior to February 15, 1972 and (b) the plaintiffs-publishers would not, in any event, own the copyrights to the post-February 15, 1972 sound recordings. Rather those rights will inure to the benefit of the record companies, which hire the musicians, artists and technicians involved in creating the musical performances.

Accordingly, and for the reasons hereinabove set forth, defendant's motions are granted.

An appropriate order should be settled by counsel within five days.

APPENDIX B

OPINION OF UNITED STATES DISTRICT COURT DATED JUNE 26, 1973

JONDORA MUSIC PUBLISHING COMPANY et al., Plaintiffs,

v.

MELODY RECORDINGS, INC., et al., Defendants.

Civ. A. No. 1741-72.

United States District Court,
D. New Jersey.

June 26, 1973.

Action brought by music publishing companies for infringement of their respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically. On a defense motion for entry of summary judgment, the District Court, Lacey, J., held that there is no federal copyright protection of sound recordings before February 15, 1972, the effective date of statutory amendment creating a limited copyright in sound recordings of performances of musical compositions. The Court further held that a material issue of fact existed as to whether defendants were guilty of infringement of the copyrighted musical compositions of plaintiffs by virtue of failure to comply

with the notice of intention and royalty requirements of Copyright Act's compulsory licensing provision, thus precluding entry of summary judgment.

Motion denied.

See also, D.C., 362 F.Supp. 494.

1. Copyrights ⇐20

In action brought by music publishing companies for infringement of their respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically, plaintiffs did not own the copyrights to sound recordings fixed, published and copyrighted after February 15, 1972, the effective date of statutory amendment creating a limited copyright in sound recordings of performances of musical compositions; rather, those rights inured to the benefit of the record companies, which hired the musicians, artists and technicians involved in creating the musical performances. 17 U.S.C.A. §§1 et seq., 1(f); Act Oct. 15, 1971, §3, 85 Stat. 391.

2. Copyrights ⇐8

Under pre-February 15, 1972 law, where the states are free to grant what is the equivalent of state copyright protection, it is clear that Congress has not exercised its copyright powers; that is, no federal copyright protection of sound recordings exists before February 15, 1972, the effective date of statutory

amendment creating a limited copyright in sound recordings of performances of musical compositions. 17 U.S.C.A. §§1 et seq., 1(f); Act Oct. 15, 1971, §3, 85 Stat. 391.

3. Federal Civil Procedure ⇨2493

In action brought by music publishing companies for infringement of their respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically a material issue of fact existed as to whether defendants, though they were not infringers of the property in mechanical sound recordings, were guilty of infringement of the copyrighted musical compositions of plaintiffs by virtue of failure to comply with the notice of intention and royalty requirements of Copyright Act's compulsory licensing provision, thus precluding entry of summary judgment. 17 U.S.C.A. §1(e, f); Act Oct. 15, 1971, §3, 85 Stat. 391; Fed.Rules Civ.Proc. rule 56(e), 28 U.S.C.A.

Abeles, Clark & Osterberg, New York City, Lum, Biunno & Tompkins by C. Stephen Barrett, III, Newark, N. J., for plaintiffs.

Glauberman & Weiss by Sheldon A. Weiss, Jersey City, N. J., for defendants, U.S. Tape, Inc. and George Tucker.

OPINION

LACEY, District Judge:

Appendix B

Defendants U.S. Tape Inc. and George Tucker move for the entry of summary judgment pursuant to Federal Rule 56(e), contending that the pleadings, depositions and affidavits herein evidence that there is no genuine issue as to any material fact and that they thereby are entitled to judgment. More specifically, they contend (a) the affidavits and depositions of Mr. Berman, taken November 2, 1972, show that there is no genuine issue as to U.S. Tape's compliance with the compulsory license provisions of the Copyright Act as applied, as more particularly appears from the Court's Memorandum Opinion dated November 22, 1972 and (b) that this Court has already held in said Memorandum Opinion, that by reason thereof, U.S. Tape's activities in no way infringe upon plaintiffs' musical composition copyrights.

Plaintiffs resist this motion on two principal grounds, first, that Duchess Music Corporation v. Stern, 458 F.2d 1305 (9 Cir.), cert. denied, 409 U.S. 847, 93 S.Ct. 52, 34 L.Ed.2d 88 (1972), was correctly decided, and that this Court was in error in expressly finding otherwise in its Memorandum Opinion, at 351 F.Supp. 572 (D.N.J. 1972); and second, that even if the compulsory licensing provisions of the Copyright Act, 17 U.S.C. §1 et seq., apply, the moving defendants are infringers of the plaintiffs' musical composition copyright.

I shall first review my holding of November, 1972, and then analyze its present application, on this motion, in the light of last week's Supreme Court decision in Goldstein v. State of California, 412 U.S. 546, 93 S.Ct. 2303, 37 L.Ed.2d 163 (1973).

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I was faced with this legal question: did Congress by the Copyright Act of 1909 grant to musical composition copyright holders the power to prevent third persons from copying a particular performance of that composition, where (a) with the copyright holder's permission, the performance has already been fixed on a physical object capable of reproducing it, and (b) the third person has complied with the compulsory license provisions of the Act by filing and serving notices of intention.

Construction was required of the remedial and compulsory licensing provisions of the Copyright Act of 1909, 17 U.S.C. §§1(e) and 101(c), (d) and (e), which relate to copyright protection for musical compositions and its application to sound recordings.

The defendants contended they owed only an obligation to plaintiffs to pay them the statutory 2¢ per performance of their musical compositions, under 17 U.S.C. §1(e), which in pertinent part reads as follows:

> *Provided* . . . as a condition of extending the copyright control to such mechanical reproductions, that whenever the owner of a musical copyright has used or permitted or knowingly acquiesced in the use of the copyrighted work upon the parts of instruments serving to reproduce mechanically the musical work, any other person may make similar use of the copyrighted work upon the payment to the copyright proprietor of a royalty of 2 cents on

each such part manufactured, to be paid by the manufacturer thereof . . . .

Defendants claim plaintiffs, having licensed the use of their compositions to the major recording companies, are bound under § 1(e)'s compulsory licensing provision to permit defendants to use the composition as well, even though such use is a copying of the recording as theretofore licensed to the major recording company. Defendants add that they have filed the requisite notices of intention, and made (or tendered) the requisite royalty payments, all of which I had previously credited in view of the then state of the record. Plaintiffs on the other hand contended that the "compulsory license" provision is not available to a duplicator of the recordings of the licenses of the copyright proprietor. Plaintiffs relied upon the Court of Appeals decision in *Duchess, supra,* which in pertinent part stated (458 F.2d at 1310-1311):

> The statute provides that anyone who properly invokes the license provision "may make *similar use* of the copyrighted work." (emphasis supplied) Rosner admits that she duplicates appellants' copyrighted compositions. She does not make "similar use" of them, she makes exact and identical copies of them. This is clearly outside the scope of the compulsory license scheme.
>
> . . . Rosner may, of course, record appellants' songs, when she hires musicians, artists, and

> technicians. Instead, she steals the genius and talent of others. She deceives others into thinking that her tapes represent her own work. She has no "right to copy." *See* Capitol Records, Inc. v. Greatest Records, Inc., 43 Misc.2d 878, 252 N.Y.S.2d 553 (S.Ct., 1964). She may not continue her piracy under the flag of compulsory licensing.

Accordingly, to afford the licensee a remedy against such "piracy," the court concluded that not only the copyright owner but its licensee alone could invoke the general injunction provision of the Act against such practice.

I stated that I felt that *Duchess* was wrongly decided, and wrote (351 F.Supp. at 580):

> It is my view that the *Duchess* opinion in the Court of Appeals erroneously interprets the "compulsory license" provision of the Copyright Act. Simply stated, that court believed that because a musical composition is copyrighted, the unauthorized reproduction of the performance embodied in the sound recording of that composition is, and ought to be, prohibited by federal copyright laws. But that clearly was not the law when *Duchess* was decided. Neither performance nor recording was copyrightable. It might have been unethical, or, in some states, because there was a felt necessity for statutory

> intervention, a crime to "steal" a recording of a performance and thereafter sell it as your own. But clearly the licensee-manufacturer had no claim under the Copyright Act. . . .

Plaintiffs had argued that it would be unconscionable to allow defendants to copy the recordings of licensees when, in certain states, to do so was a crime. I responded (351 F.Supp. at 581):

> Plaintiffs argue it would be inconceivable to afford duplicators the benefit of the "compulsory license" provision and thereby allow a duplicator to do that which is a crime, or unfair competition, under state law. Their argument carries them too far. It is precisely because licensee-manufacturers had no relief under the Copyright Law where the Copyright holder accepted the "compulsory license" royalties that the national recording companies got state legislation on the books. . . .

Additionally, I pointed out that Public Law 92-140, the Sound Recording Amendment of 1971, by its content and its legislative history, demonstrated legislative thought and intent. Both the Senate and House Reports stated that under the former state of the law:

> If the unauthorized producers pay the statutory mechanical royalty required by the Copyright

Appendix B

> Act for the use of copyrighted music, there is no Federal remedy currently available to combat the unauthorized reproduction of the recording. . .
>
> * * *
>
> The enactment of S. 646 will mark the first recognition in American copyright law of sound recordings as copyrightable works." S.R. 92-72, p. 4; H.R. 92-487, pp. 2 and 5, U.S.Code Cong. & Admin.News 1971, pp. 1566, 1567, 1570.

The House Report also states that any persons who "satisfy the claim of the owner of the musical copyright . . . " [i. e., by filing the appropriate notice of intention to use and paying the statutory royalty] "can and do engage in wide-spread unauthorized reproduction of phonograph records and tapes without violating Federal copyright law." H.R., 92-487, p. 2, U.S.Code Cong. & Admin.News 1971, p. 1567.

To remedy the situation, Congress, in § 1 of Public Law 92-140, created a limited copyright in sound recordings of performances of musical compositions. However, Congress also provided in § 3 of the Amendment that:

> The provisions of Title 17, United States Code, as amended by Section 1 of this Act shall apply only to sound recordings fixed, published and copyrighted on and after the effective date of this Act [i. e., February 15, 1972] and before January

> 1, 1975, and nothing in title 17, United States Code, as amended by section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act.

Thus, the record companies, which theretofore had no federal copyright protection for their recordings, or for the musical performances they served to reproduce, were afforded a sound recording copyright. But such protection was given only prospectively—it applied only to sound recordings that were "fixed [i. e., first recorded], published, and copyrighted" after February 15, 1972.

[1] Plaintiffs, of course did not and cannot invoke herein this newly-created "sound recording" copyright, because (a) the records which defendants duplicated all were "fixed" (first recorded) prior to February 15, 1972 and (b) the plaintiffs-publishers would not, in any event, own the copyrights to the post-February 15, 1972 sound recordings. Rather those rights inure to the benefit of the record companies, which hire the musicians, artists and technicians involved in creating the musical performances.

Goldstein v. State of California

The antagonists on this motion have, at my invitation, submitted supplemental memoranda dealing with the impact, if any, of *Goldstein* upon the case at bar. Movants argue that

directly *Goldstein* does no more than uphold the validity of State legislation, passed under the reserved police powers and in the absence of Congress activity in the field, which punishes record piracy as a crime. Movants also note that as to musical compositions, Congress had acted to afford copyright protection, subject of course to the compulsory licensing provision.

Plaintiffs, on the other hand, contend that *Goldstein* "supports . . . *Duchess* . . . and, therefore, provides an additional basis for denial of the motion for summary judgment." I disagree, and I adhere to my previously expressed views on *Duchess*.

"The key to understanding *Goldstein* lies in recognition of well settled principles of fundamental constitutional law. The Supreme Court treats the constitutional grant of Copyright power to Congress (Art. I, § 8, cl. 8), " To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries", like the commerce power, holding that the grant "does not provide that such power shall vest exclusively in the Federal Government." The Supreme Court added 412 U.S., p. 553, 93 S.Ct. p. 2308:

> . . . Nor does the Constitution expressly provide that such power shall not be exercised by the States. In applying the third phase of the test, we must examine the manner in which the power to grant copyrights may operate in our federal

> system. The objectives of our inquiry were recognized in Cooley v. Board of Wardens, 12 How. (52 U.S.) 299, 13 L.Ed. 996 (1851), when, in determining whether the power granted to Congress to regulate commerce was "compatible with the existence of a similar power in the States," the Court noted:
>
> "Whatever subjects of this power are in their nature national, or admit of only one uniform system, or plan of regulation, may justly be said to be of such a nature as to require exclusive legislation by Congress." 12 How. (53 U.S.) at 319.

The Court's determination that Congress alone may legislate over matters which are *necessarily* national in import reflects the basic principle of federalism. "The genius and character of the [federal] government," Chief Justice Marshall said,

> seems to be, that its action is to be applied to all external concerns of the nation, and to those internal concerns which affect the States generally; but not to those which are completely within a particular State, which do not affect other States, and with which it is not necessary to interfere, for the purpose of executing some of the general powers of government. Gibbons v. Ogden, 9 Wheat. (22 U.S.) 1, 195, 6 L.Ed. 23 (1824). [Footnotes omitted] [emphasis in original]

Significant thereafter is the Court's statement that "The objective of the Copyright Clause was clearly to facilitate the granting of rights national in scope." (at 555, 93 S.Ct., at 2309). The Court followed this by pointing out the burden on an author who would wish to achieve protection in all States when no federal system of protection is available. The Copyright Clause thus "allows Congress to provide a reward greater in scope than any particular State may grant to promote progress in those fields which Congress determines are worthy of national action." (*Id.*, at 556, 93 S.Ct., at 2309). On the other hand, the Court construes the Copyright Clause as not indicating "that all writings are of national interest or that state legislation is, in all cases, unnecessary or precluded." (*Id.*, at 557, 93 S.Ct., at 2310).

The Court then finds (applying Cooley v. Board of Wardens doctrine), that where the subject matter to which the Copyright Clause is addressed may be purely of local importance "and not worthy of national attention or protection," a state may grant copyright protection. However,

> . . . At any time Congress determines that a particular category of "writing" is worthy of national protection and the incidental expenses of federal administration, federal copyright protection may be authorized.
>
> * * *
>
> . . . No reason exists why Congress must take affirmative action either to authorize protection

of all categories of writings or to free them from all restraint.

It is clear then that Congress, as to pre-February 15, 1972, sound recordings, is taken by the Court to have refrained from acting, (a) either to grant copyright protection or (b) to state its intention that such be free of protection. The Court's opinion leaves no doubt that had Congress done either, in order to accomplish or establish a national policy, the States could not have intervened. This is explicitly set forth (*Id.*, at 559, 93 S.Ct. at 2311):

> Where the need for free and unrestricted distribution of a writing is thought to be required by the national interest, the Copyright Clause and the Commerce Clause would allow Congress to eschew all protection. In such cases, a conflict would develop if a State attempted to protect that which Congress intended to be free from restraint or to free that which Congress had protected. However, where Congress determines that neither federal protection nor freedom from restraint is required by the national interest, it is at liberty to stay its hand entirely. Since state protection would not then conflict with federal action, total relinquishment of the States' power to grant copyright protection cannot be inferred. [footnote omitted]

[2] Thus, under pre-February 15, 1972, law, where the States are free to grant what is the equivalent of state copyright

protection, it is clear that Congress has not exercised its copyright powers. Thus, if plaintiffs' view — and the view of the *Duchess* court — were sound, that is, that mechanical recordings enjoyed federal copyright protection before February 15, 1972, not only would there be no need for state action, state action would be barred, since Congress would have indicated its felt view that a national uniform policy was necessary, and not a piecemeal state-by-state approach.

The Court next traced the history of Congressional legislation in the copyright area under Art. 1, § 8, Cl. 8. The Court stated (*Id.*, at 562, 93 S.Ct. at 2312):

> . . . The history of federal copyright statutes indicates that the congressional determination to consider specific classes of writings is dependent not only on the character of the writing, but also on the commercial importance of the product to the national ecomony. As our technology has expanded the means available for creative activity and has provided economical means for reproducing manifestations of such activity, new areas of federal protection have been initiated.[17]

The footnote at the conclusion of the foregoing quotation is a significant one. It traces the specific legislation and then states:

> Finally, in 1971, § 5 was amended to include "sound recordings." Congress was spurred to action by the growth of record piracy, which was

> in turn due partly to technological advances. See Hearings on S. 646 and H.R. 6927, *supra*, n. 5, at 4-5, 11 (1971). It must be remembered that the "record piracy" charged against petitioners related to recordings fixed by the original producer prior to Feb. 15, 1972, the effective date of the 1971 Act. . . .

Again it is plainly stated — there was no federal copyright protection before February 15, 1972, of sound recordings.

If more be needed, the Court recognized there might be a conflict between federal copyright coverage of mechanical recordings, and like State legislation, and said (*Id.*, at 571, 93 S.Ct. at 2317):

> In sum, we have shown that § 653h does not conflict with the federal copyright statute enacted by Congress in 1909. Similarly, no conflict exists between the federal copyright statute passed in 1971 and the present application of § 653h, since California charged petitioners only with copying recordings fixed prior to February 15, 1972. Finally, we have concluded that our decisions in *Sears* [Sears Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661] and *Compco* [Compco Corp. v. Day-Brite Lighting Inc., 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669], which we reaffirm today have no application in the present case, since Congress has indicated

> neither that it wishes to protect, nor to free from protection, recordings of musical performances fixed prior to February 15, 1972. [footnote omitted]

See also, dissenting opinion of Justice Douglas at 573-574, 93 S.Ct. at 2318:

> Prior to February 25, 1972, copyright protection was not extended to sound recordings. . . .
>
> * * *
>
> Prior to February 15, 1972, sound recordings had no copyright protection. And even under that Act the copyright would be effective "only to sound recordings fixed, published, and copyrighted on and after the effective date of this Act (February 15, 1972) and before January 1, 1975." [footnotes omitted].

Accordingly, if defendants are infringers, they are not infringers of the property in mechanical sound recordings; and thus I reject once again the *Duchess* doctrine.[1]

[3] This does not end the matter, however. Still at issue is whether defendants are guilty of infringement of the copyrighted musical compositions of plaintiffs by virtue of failure to comply

1. It is not without significance that *Goldstein* omits citation of *Duchess*, particularly since virtually every Brief submitted by those opposed to the petitioners (including *amici curiae* such as representatives of some of the plaintiffs herein) relied upon *Duchess*.

with notice of intention and royalty requirements. On this issue plaintiffs claim they are entitled to further discovery referring to Fed.R.Civ.P. 56(f) and 6 Moore's Federal Practice (2d ed.), par.56.15[5], at p.2401.

I have been concerned about the possibility of plaintiffs abusing the discovery device, to defendants' detriment. A substantial part of my fear in this regard is attributable to the past conduct of plaintiffs herein, as detailed in my Memorandum Opinion.

Last week, however, the defendant corporation on this motion was subjected to a search and seizure by the Federal Bureau of Investigation, in execution of a search warrant by Special Agent Palumbo. It is clear to me that apprehension previously expressed by defendants, that discovery of their customers would result in irreparable injury to them, by reason of intimidation of said customers and the like, no longer has a sound basis. The pressures inherent in such discovery are minimal, when aligned with those which I must now sense their customers feel as a result of the recent events.

Accordingly, summary judgment is denied as to both movants, without prejudice to renewal thereof upon completion of discovery.

Defendants of course are not without recourse should discovery prove too burdensome, harassing, or in bad faith. Fed.R.Civ.P. 26(c).

Submit an appropriate form of Order not later than June 28, 1973.

APPENDIX C

OPINION OF UNITED STATES DISTRICT COURT DATED JUNE 28, 1973

JONDORA MUSIC PUBLISHING COMPANY et al., Plaintiffs,

v.

MELODY RECORDINGS, INC., et al., Defendants.

Civ. A. No. 1741-72.

United States District Court,
D. New Jersey.

June 28, 1973.

Action brought by music publishing companies for infringement of their respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically. Several defendants sought an order relieving them from writs of seizure previously issued. The District Court, Lacey, J., held that there was technical compliance with the Supreme Court Rules of Practice relating to writs of seizure, that those Rules do not violate constitutional provisions, that plaintiffs had so conducted themselves as to require, under equitable principles quashing and vacating of the writs of seizure, and that the compulsory license provisions of the Copyright Act are applicable to the duplication of recordings.

Order Accordingly.

1. Copyrights ⇐71

In action brought by music publishing companies for infringement of their respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically, the evidence established that there was technical compliance by plaintiffs with the Supreme Court Rules of Practice relating to writs of seizure, including the requirements that an affidavit in support of seizure be filed with the clerk of court by plaintiff or his authorized agent or attorney. Copyright Rules, rules 3, 4, 7, 17, U.S.C.A. following section 101.

2. Copyrights ⇐71

In copyright infringement action in which a defense motion was made to quash previously issued writs of seizure, record established that movants, due to the absence of timely objection, waived Copyright Rule requirements that a bond be executed by at least two sureties and that such a bond be conditioned on the payment to defendant of any damages which the court may award him against the complainant. Copyright Rules, rules 3, 4, 7, 17 U.S.C.A. following section 101.

3. Copyrights ⇐71

Provisions and procedures of the Supreme Court Rules of Practice relating to writs of seizure are constitutional. Copyright Rules, rules 3, 4, 7, 17 U.S.C.A. following section 101.

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4. Constitutional Law ⇐90.1(1)

Since defendants, in action brought by music publishing companies for infringement of their respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically, conceded that they do copy the creative works of others, no first amendment issue existed despite defendants' claim that the seizure and impounding of their duplicating material without an evidentiary hearing and prior to the seizure was violative of their first amendment rights. Copyright Rules, rules 3, 4, 7, 17 U.S.C.A. following section 101; U.S.C.A.Const. Amend. 1.

5. Constitutional Law ⇐319

Seizure and impounding without a prior adversary hearing of the duplicating material of defendants, against whom an action was brought by music publishing companies for infringement of their respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically, was not a violation of the defendants' rights under the fifth amendment. 17 U.S.C.A. § 1 et seq.; U.S.C.A.Const. Amend. 5.

6. Constitutional Law ⇐251

What "process" is due depends on the circumstances of each case.

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7. Searches and Seizures ⇦7(6)

Assuming arguendo that the fourth amendment was applicable to the seizure of the duplicating material of defendants against whom music publishing companies brought an action for infringement of their respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically, the writs of seizure issued as a judicial process following presentation to a "neutral magistrate" of the supporting affidavits, thus vitiating defendants' claim that a fourth amendment violation arose from the seizure. 17 U.S.C.A. § 1 et seq.; U.S.C.A. Const. Amend. 4.

8. Copyrights ⇦71

Assuming that there was a violation of local rule 14, in that "the complaint was not verified by the plaintiffs", it at most was a technical rather than a substantive one and was not of such weight as to compel the court to declare writs of seizure to have been improvidently issued in copyright infringement action. 17 U.S.C.A. § 1 et seq.; U.S.Dist.Ct. Rules N.J., General Rule 14.

9. Copyrights ⇦71

Music publishing companies, who sued for infringement of their respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically, so conducted themselves with respect to movant-defendants as to require, under equitable principles, imposition of the same sanctions as were imposed with respect

to the writ of seizure directed against another defendant, namely, quashing and vacating the writs. 17 U.S.C.A. § 1 et seq.

10. Copyrights ⇐74

If plaintiff music publishers, in action for infringement of their respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically, were entitled to any protection, it was only with respect to their own copyright, in their musical compositions, and they could not, under the guise of claiming that the compulsory licensing provision of the Copyright Act did not apply, claim an infringement where to do so would of necessity require finding that Congress had touched pre-February 15, 1972 activity. 17 U.S.C.A. §§ 1 et seq., 1(e), 101(e).

11. Copyrights ⇐87(3)

Compulsory license provisions of the Copyright Act are applicable to the duplication of recordings of musical compositions. 17 U.S.C.A. §§ 1 et seq., 1(e), 101(e).

12. Copyrights ⇐88

Whether defendants, against whom an action was brought by music publishing companies for infringement of their respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically, had complied with the compulsory license provisions of the Copyright Act, so as not to be infringers of

sound recordings that were first recorded, published and copyrighted prior to February 15, 1972, was an issue which had to remain open pending further discovery as to whether defendants had in fact filed the requisite notices of intention and made or tendered the required royalty payments. 17 U.S.C.A. §§ 1 et seq., 1(e), 101(e).

Abeles, Clark & Osterberg, New York City, Lum, Biunno & Tompkins by C. Stephen Barrett, III, Newark, N. J., for plaintiffs.

Hellring, Lindeman & Landau by Joel D. Siegal, Newark, N. J., for defendants National Cinematape, Inc., American Cartridge Recording, a division of National Communications Arts, Inc., Alexander Magosci, Jr., Davidow-Gellert, Inc., Telecor Industries, Inc., Harold Davidow, Charles Gellert, Grandy, Inc., John French, Audio-Tape, Inc., Elias Saka, Sunshine Music Corporation, American Copyright Research, Inc., and Joseph Barone.

MEMORANDUM AND ORDER

LACEY, District Judge.

This is an action styled by plaintiffs as one for infringement of the copyrights in plaintiffs' respective copyrighted musical works by the unauthorized manufacture and sale of instruments (recordings) serving to reproduce the same mechanically.

Appendix C

The several defendants represented by Mr. Siegal seek an order relieving them from writs of seizure herein and directing the return of all seized articles.

Four issues had been heretofore raised:

1. Was there technical compliance with the Supreme Court Rules of Practice relating to writs of seizure; and do these Rules violate constitutional provisions?

2. Have the plaintiffs so conducted themselves with respect to these defendants as to require, under equitable principles, imposition of the same sanctions as were imposed with respect to the writ of seizure directed against U. S. Tape, namely, quashing and vacating of said writs?

3. Are the compulsory license provisions of the Copyright Act applicable to the duplication of recordings?

4. If the answer to 3 is "yes," have these defendants complied with the requirements thereof so as not to be infringers?

This opinion is to be read in conjunction with that rendered herein on November 22, 1972 (351 F.Supp. 572) and on June 25, 1973 (362 F.Supp. 488), regarding the motion for summary judgment by the defendants herein, U. S. Tape and George Tucker. Familiarity with both of those opinions is assumed.

One point must be made starkly clear: we deal herein only with copying of recordings filed before February 15, 1972, since,

as had been indicated, effective that day the owners of a mechanical recording were given copyright protection by statutory amendment. *See* Goldstein v. State of California, 412 U.S. 546, 93 S.Ct. 2303, 2307, 37 L.Ed.2d 163 (1973):

> We note at the outset that the federal copyright statutes to which petitioners refer were amended by Congress while their case was pending in the state courts. In 1971, Pub.L. 92-140 was passed to allow federal copyright protection of recordings. However, § 3 of the amendment specifically provides that such protection is to be available only to sound recordings "fixed, published and copyrighted" on and after February 15, 1972, and before January 1, 1975, and that nothing in Title 17, as amended is to "be applied retroactively or [to] be construed as affecting in any way any rights with respect to sound recordings fixed before" February 15, 1972. The recordings which petitioners copied were all "fixed" prior to February 15, 1972. Since, according to the language of § 3 of the amendment, Congress did not intend to alter the legal relationships which govern these recordings, the amendments have no application in petitioners' case. [Footnote omitted]

As is further apparent in *Goldstein*, as to recordings fixed pre-February 15, 1972, the manufacturer thereof, duly licensed by the owner of the musical composition copyright, was itself

without copyright protection for such recordings, although, as is implicit in *Goldstein*, the state law of unfair competition and the state police power, where a state elected to make available, or utilize, same, could be resorted to by a licensed recording manufacturer whose product was "pirated" by a record manufacturer. The pre-February 15, 1972, availability of this state remedy, in an area of power granted to Congress by the United States Constitution (Art. I, § 8, cl. 8:

> To promote the Progress of Science and useful Arts, by securing for limited times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.)

rested upon familiar constitutional principles of congressional non-action in substantive areas of the law, as seen in connection with the Commerce power. Cooley v. Board of Wardens, 12 How. (53 U.S.) 299, 13 L.Ed. 996 (1851). *Cf.* Columbia Broadcasting System, Inc. v. Melody Recordings, Inc., 124 N.J.Super. 322, 306 A.2d 493 (Ch.Div. Essex Co., May 28, 1973, Kimmelman, J.), decided before *Goldstein*, and holding, in reliance upon the exclusivity doctrine, as to patents, enunciated in Sears, Roebuck & Co. v. Stiffel Company. 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 66 (1964), and Compco Corp. v. Day-Brite Lighting Inc., 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964), that states could not by grant of an unfair competition cause of action, confer a common law copyright upon a recording fixed pre-February 15, 1972.

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To conclude the discussion concerning Pub.L. 92-140, the copyright protection for sound recordings granted thereby does not include a provision for compulsory licensing. This was upheld in Shaab v. Kleindienst, 345 F.Supp. 589, 590 (D.D.C. 1972). On the other hand, the compulsory license provisions of 17 U.S.C. § 1(e), and the "notice of intention to use" provisions of 17 U.S.C. § 101(e), were not changed by the new legislation. As it was put in a House of Representatives Report on the new statute, therefore, with respect to records and tapes which were not "fixed" after February 15, 1972, any person could still engage in record and tape duplication "without violating Federal Copyright law," provided he complied with the compulsory license provisions of the Act. Thus, in my opinion of November 22, 1972, I stated (351 F.Supp. at 584):

> However, Congress did give the music publishers a more effective weapon to deal with the illegal duplicators who did not pay royalty. Section 2 of P.L. 92-140, which unlike § 1 was effective immediately, amended 17 U.S.C. § 101(e) so as to subject those who did not comply with the compulsory license provision of the Act to civil liability "in accordance with all provisions of this title dealing with infringements of copyright and, in the case of a willful infringement for profit, to criminal prosecution pursuant to [17 U.S.C.] § 104."
>
> Thus, the legislative history of P.L. 92-140, and the precise remedies chosen by Congress to deal

with the subject, manifest an expressed intent by Congress to permit such tape and record duplication to continue under the compulsory licensing provisions of the Copyright law, with respect to all sound recordings "fixed" prior to February 15, 1972.

I also find persuasive defendant's argument that if Congress had intended to make duplicators liable after October 15, 1971, for infringement of musical composition copyrights, regardless of whether the duplicator complied with the compulsory license provision, Congress could have simply amended § 1(e) by excluding from the benefits thereof those making an "exact" or "identical" copy of a pre-existing recording. Thus, if Congress had desired to make all duplicators immediately liable for infringement of musical composition copyrights, it easily could have done so by restricting the compulsory license privilege in some fashion. Instead, Congress created a new copyright in the sound recordings of performances of copyrighted musical works, effective, however, only with respect to performances on recordings that were "fixed, published and copyrighted" four months after the effective date of the 1971 Amendment [Footnote omitted]

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Against this background, I now turn to the issues hereinabove set forth.

[1] 1. Was there technical compliance with the Supreme Court Rules of Practice relating to writs of seizure?

Rules 3 and 4 of the Rules of Practice, adopted by the Supreme Court under the Federal Copyright Laws, set forth the procedures to be followed in impounding alleged infringing items during the pendency of an infringement action. Defendants allege plaintiffs' non-compliance with these procedures in the following respects.

Rule 3 requires that an affidavit in support of seizure be filed with the Clerk of the Court by the plaintiff or complainant or his authorized agent or attorney. In the instant matter affidavits were submitted by Albert Berman and Thomas Tempesta. I can and do infer the requisite agency from the filing of the affidavits herein.

Defendants next allege that there was insufficient compliance with Rule 3. This Rule in pertinent part requires that the information contained in affidavit form shall provide

> . . . upon the best of his [the deponent's] knowledge, information and belief, the number and location, as near as may be, of the alleged infringing copies, records, plates, molds . . . or other means for making the copies alleged to infringe the copyright, and the value of the same . . . .

I find that there was substantial and hence sufficient compliance with this requirement by the plaintiffs.

[2] Defendants next point out that Rule 3 requires that a bond be executed by at least two sureties. Defendants argue that the plaintiffs have only furnished a bond executed by one surety. However, Rule 7 provides:

> Within three days after the articles are seized, and a copy of the affidavit, writ and bond are served as hereinbefore provided, the defendant shall serve upon the clerk a notice that he excepts to the amount of the penalty of the bond, or to the sureties of the plaintiff or complainant, or both, otherwise, he shall be deemed to have waived all objection to the amount of the penalty of the bond and the sufficiency of the sureties thereon . . . .

Defendants' objections, therefore, have not been timely made.

Finally, defendants state that Rule 4 requires that such a bond be conditioned for the payment to the defendant of any damages which the court may award to him against the complainant. Defendants then state that the bonds, in the instant matter, only protect the defendants for cost and damages that might be awarded against the plaintiffs and that if the Harry Fox Agency is deemed to be a complainant and damages are awarded against such complainant, there is no provision in the bond to protect the defendants. Again, I find the objection untimely under Rule 7.

[3] Defendants next contend that the provisions and procedures of the aforesaid Rules of Practice are unconstitutional and void, in that they assertedly abridge rights protected under the first, fourth and fifth amendments to the United States Constitution. They refer in this connection to a certain report of the Advisory Committee on Rules to the Supreme Court, which in 1966 stated:

> The Advisory Committee has serious doubts as to the desirability of retaining Copyright Rules 3-13 for they appear to be out of keeping with the general attitude of the Federal Rules of Civil Procedure toward remedies anticipating decision on the merits, and objectionable for their failure to require notice or a showing of irreparable injury to the same extent as is customarily required for threshold injunctive relief. However, in view of the fact that Congress is considering proposals to revise the Copyright Act, the Advisory Committee has refrained from making any recommendation regarding Copyright Rules 3-13 but will keep the problem under study. Note following 17 U.S.C.A. § 101.

The fact is that there has been no change in the Rules, notwithstanding Copyright Act changes. Thus I can give this note no weight.

[4] On the constitutional issue, defendants further state that a seizure and impounding of their duplicating material without

an adversary hearing prior to the seizure is a clear violation of the defendants' rights under the first amendment, citing Quantity of Copies of Books v. Kansas, 378 U.S. 205, 84 S.Ct. 1723, 12 L.Ed.2d 809 (1964); and Freedman v. Maryland, 380 U.S. 51, 58, 85 S.Ct. 734, 13 L.Ed.2d 649 (1965). Since defendants concede they copy the creative works of others I perceive no first amendment issue. Nimmer, "Does Copyright Abridge the First Amendment Guaranties of Free Speech and Press?" 17 UCLA L.Rev. 1180, 1192, 1203-1204 (1970).

[5, 6] Nor do I believe the seizure (without prior notice and an opportunity to be heard) is a violation of the defendants' rights under the fifth amendment. Contrary to defendants' position, there is no "inherent disregard of procedural due process." Not in point are Fuentes v. Shevin, 407 U.S. 67, 92 S.Ct. 1983, 32 L.Ed.2d 556 (1972), Sniadach v. Family Finance Corp., 395 U.S. 337, 89 S.Ct. 1820, 23 L.Ed.2d 349 (1969), and Laprease v. Raymours Furniture Co., 315 F.Supp. 716 (N.D.N.Y.1970). It is fundamental that what "process" is due depends on the circumstances of each case. Here provisions exist to apply for relief from seizure. These are deemed sufficient to comply with Constitutional mandate.

[7] Without citing any authority, defendants next claim a fourth amendment violation arose from the challenged seizures. Assuming *arguendo* the fourth amendment is applicable to said seizures, the writs issued as a judicial process following presentation to a "neutral magistrate" of the supporting affidavits. Thus I reject this claim. *Cf.* Oklahoma Press Pub.Co. v. Walling, 327 U.S. 186, 66 S.Ct. 494, 90 L.Ed. 614 (1946); In re

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Grand Jury Subpoena Served Upon Simon Horowitz, 482 F.2d 72 (2d Cir. 1973).

[8] Next, defendants claim a violation of Local Rule 14, in that "the Complaint was not verified by the plaintiffs." Assuming there was a violation of this Rule, it at most would be a technical one — not a substantive one — and not of such weight as to have me declare the writs to have been improvidently issued.

Accordingly, I find no merit in defendants' first contention.

[9] 2. Have the plaintiffs so conducted themselves with respect to these defendants as to require, under equitable principles, imposition of the same sanctions as were imposed with respect to the writ of seizure directed against U. S. Tape, namely, quashing and vacating of said writs?

My reasons for vacating the writ as against U. S. Tape are set forth in my opinion of November 22, 1972. Some of those reasons are applicable to the writs issued as to these defendants as well. First and foremost, the basic, fundamental and underlying philosophy of plaintiffs, including the Harry Fox Agency, Inc. and the 3,500 music publishers it represents, is wrong: Duchess Music Corporation v. Stern, 458 F.2d 1305 (9th Cir.), cert. denied, 409 U.S. 847, 93 S.Ct. 52, 34 L.Ed.2d 88 (1972), relied upon by plaintiffs, does not correctly state the law.[1] Defendants' use is either a "similar" use and thus they

1. *Duchess* adds confusion as well. The plaintiffs appear to have not only been the owners of copyrights on musical compositions, as here, but also to have *(Cont'd)*

enjoy, as to plaintiffs' copyrights, the benefits of the compulsory license provisions of § 101(e), as envisaged by Congress in 1971, or, if an "identical" use, as described in *Duchess*, may not be regarded as infringers at all.

This inevitably follows from the rationale of *Goldstein*, where the Supreme Court, to allow state intervention into the field of musical recording reproduction, necessarily (under its own self-imposed restrictive view) had to find a total absence of congressional action in the area. Certain it is that there was no copyright protection afforded to the record manufacturer. On the other hand, Congress had not spoken as to indicate that this subject matter was to remain free of copyright protection. Nimmer on Copyright thus states (§ 108.3, pp. 420-421):

> All of the other rights granted to the copyright owner are exclusive with him. This is also true of the right to record as it relates to non-dramatic literary works and to dramatic works. The situation is more complicated, however, with respect to the right to record as it relates to musical compositions. The Congress which enacted the present Copyright Act was concerned with the possible emergence of "a great music monopoly." In order to avoid such an eventuality it was provided that the right to record musical compositions is an exclusive right only if and to

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"issued . . . phonograph records . . . from copyrighted compositions . . ." 458 F.2d 1305, 1307. The court never actually clearly defines what interest it is protecting, the statutory copyright or the recording.

> the extent the copyright owner does not permit any recording to be made of the work. Once such a recording has been authorized, thereafter the right to record becomes non-exclusive, subject to the terms and conditions of the compulsory license provision of Sec. 1(e).

With respect to the duplication or re-recording of previously authorized recordings of copyrighted musical compositions, Professor Nimmer added (§ 108.4621, pp. 431-432):

> Assuming such a record pirate duly serves a notice of intent to use, and pays the compulsory license royalties, the somewhat astounding result is that as to those sound recordings fixed prior to February 15, 1972, he is not an infringer under the Copyright Act. The only portion of that which he has recorded which is protectible under the Copyright Act, with respect to sound recordings filed prior to February 15, 1972, is the musical composition itself, and that he is authorized to use for recording purposes upon payment of the statutory royalties. *All of the other elements contained in the original record which he has without authority duplicated are not copyrightable, and hence his use of such other elements does not give rise to an action for copyright infringement.* [Emphasis supplied]

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Careful analysis of *Goldstein* leads me to conclude that the Supreme Court, while finding Congressional inaction as to what Nimmer refers to as "As of the other elements contained in the original record which . . . [was] without authority duplicated", nonetheless took cognizance of, and found not inconsistent with the *Goldstein*-approved State action, application of the compulsory license provisions of §101(e).

[10] Accordingly, if plaintiffs are entitled to any protection herein, it is only with respect to their *own* copyright, in their musical compositions, and cannot, under the guise of claiming that the compulsory licensing provision does not apply, claim an infringement where to do so would of necessity require finding that Congress had touched activity which *Goldstein* clearly states had not been touched pre-February 15, 1972.[2]

As I have stated, this is an action for infringements of plaintiffs' respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically. Plaintiffs have claimed seemingly (a) that under no circumstances can defendants' activity be non-infringing, a contention that my aforesaid review of *Goldstein* puts to rest; and (b) that, even if the compulsory licensing provisions of §101(e) are available to defendants, they are infringers because they have not filed notices of intention or paid royalties.

2. The Berman affidavit notes that the Harry Fox Agency is not only "responsible for collecting royalties accruing to its music publisher principals . . . [but also for] aiding the enforcement throughout the United States of the rights of mechanical reproduction against unauthorized users thereof . . . . (Para. 2).

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I relied heavily if not exclusively upon the Berman affidavit, and its allegations such as:

> 3 . . . As the bootleggers make no royalty payments, the music publishers receive no return for such uses of their valuable property, and the authors who are compensated through royalties from the music publishers, therefore, receive no compensation for such uses of the fruits of their respective labors . . . The bootleggers thrive upon elimination of payments of royalties to copyright proprietors and recording artists, both of which legitimate manufacturers are required to pay.

Moreover, to color the flavor of the charge that the "bootleggers" violate the plaintiff's property rights, the Berman affidavit uses the words "illicit," "clandestine," and other lurid language. At the time, New Jersey did not, and does not today, punish as a crime such activity; and as to pre-February 15, 1972, activity, no copyright was infringed — unless the compulsory license provisions were not complied with. What then was the situation with respect thereto, insofar as I was advised by plaintiffs at the time they submitted their papers and sought writs of seizure?

Astonishingly, while telling me defendants were not paying royalties, plaintiffs knew they were! In what amount is of course not clear. What is clear, however, is that plaintiffs had taken a firm and unalterable position that no recognition would be given

to defendants' rights to invoke the compulsory license provision; and, indeed, many checks from defendants, intended as royalty payments, were returned by plaintiffs in line with that policy.

It also appears that many of the defendants submitted Notices of Use (Clark affidavit of November 10, 1972, pp. 4-5). Yet the impression was deliberately conveyed that defendants were acting in complete disregard of the compulsory licensing provisions.

The aforesaid Clark affidavit proceeds on a false assumption. Seemingly, Mr. Clark believes the issue before me is whether defendants are, or are not, infringers. That is not the issue. The issue is, were the writs of seizure obtained on a false presentation? Had I been provided with all the facts, rather than the highly colored Berman and Tempesta affidavits, I would not have ordered the writs to issue.[3]

3. Specific portions of the Berman deposition, taken by defendants *after* issuance of the writs, are illustrative of the misleading content of that man's affidavit. *See* as to Davidow-Gellert, Inc., dep. at pp. 10, 12; as to Telecor Industries, Inc., pp. 14, 15-16, 20. Moreover, it indicated that plaintiffs' view was that, notwithstanding the filing of notices and the payment of royalties, even if in the correct amount, defendants' activity is "prohibited activity" and for that reason plaintiffs do not want to investigate the methods used for the filing of notices and the royalty payments. (p. 21) *See also*, p. 20, indicating royalties were paid. He used the word "clandestine" because "no one came forward from Telecor as a principal. Everything was conducted through attorneys . . . ." (at 31). He then added that later notices were sent by Telecor from a Box Number. Asked if he ever looked in a phone book to see whether Telecor listed its address in Fairfield, he did not answer responsively except to say an address does not necessarily mean that it is not a clandestine operation. (at 32).

He never asked the attorneys who wrote to him for the names of their principals. Nonetheless he felt that Telecor concealed its location because "they work through an

(Cont'd)

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Accordingly, the answer to the question raised as to whether the same sanction should be imposed as to the defendants other than U.S. Tape as was imposed on the latter is an affirmative one, and the writs will be vacated.

[11] 3. Are the compulsory license provisions of the Copyright Act applicable to the duplication of recordings?

Obviously the answer to this question is "Yes," for the reasons hereinabove set forth.

[12] 4. If the answer to 3 is "yes" have these defendants complied with the requirements thereof so as not to be infringers?

The answer to this question still must remain open. Recent events, such as the F.B.I. raids in the past week, indicate that

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(Cont'd)

attorney who didn't volunteer their location." However he did not ask their attorney their location (at 33).

Para. 5 of his affidavit refers to telephone answering services, but he does not know whether or not Telecor has an answering service (at 39-40). As to the use of "phony names," he did know Telecor was a duly incorporated entity in New Jersey (at 40). With respect to the use of post office boxes, he recognized that there are companies that he deals with that do use post office boxes (at 41). He accepts the fact that there are duplicators that are not clandestine or hidden (at 42). He has never examined Telecor equipment. *He admitted that it was a fact that the reason he wanted the equipment seized is not because of the so-called clandestine nature or non-payment of royalties or non-filing of notices of use but because he regards duplication activity as illegal* (at 43-44).

This short analysis indicates why I believe this Court was put upon, particularly when coupled with what I found as to the allegations, respecting U.S. Tape, which the Berman affidavit contained.

not only the plaintiffs' interests, but the public's interest as well, mandates that discovery go forward on the issue of whether defendants did in fact do what they say they did, comply substantially with the compulsory license provision.

Accordingly, it is ordered this 27th day of June, 1973, as follows:

1. The writs of seizure, as to all moving defendants are quashed and vacated and the materials seized thereunder shall be returned within five days.

2. Stays previously entered respecting discovery are vacated and discovery is to proceed, to be completed within 30 days. While said discovery is permitted to include defendants' customers and suppliers, it is to be done under conditions and circumstances which shall not be unduly burdensome or harassing, and not in bad faith.[4]

4. Defendants of course are not without remedy under Fed.R.Civ.P. 26(c) if this mandate is violated.

APPENDIX D

ORDER OF UNITED STATES DISTRICT COURT DATED JUNE 28, 1973

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

JONDORA MUSIC PUBLISHING COMPANY, et al.,

Plaintiffs,

vs.

MELODY RECORDINGS, INC., et al.,

Defendants.

Civil Action #1741-72

Application having been made to the Court on behalf of defendants U.S. Tape Inc. and George Tucker for the entry of summary judgment pursuant to Federal Rule 56(e), and the Court having considered the pleadings, affidavits and depositions on file and having heard oral argument thereon on April 9, 1973, and the plaintiffs having claimed that they are entitled to further discovery, referring to Federal Rule 56(f), as more particularly appears from the Court's written opinion filed June 26, 1973, and, for the reasons more fully set forth in said written opinion the Court being of the view that the motion for summary judgment should be denied at the present time as to both movants, but without prejudice to renewal thereof upon completion of discovery, it is

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ORDERED:

1. That the motion of the defendants U.S. Tape Inc. and George Tucker for summary judgment be and the same hereby is denied, but without prejudice to a renewal of said motion upon completion of discovery proceedings in accordance with the discovery order of even date herewith; and

2. The entry of this order is not intended in any way as an adverse determination on the merits with respect to any of the points raised in the briefs and affidavits submitted in support of said motion for summary judgment.

Dated: June 18, 1973.

s/ F.B. Lacey
Frederick B. Lacey, U.S.D.J.

APPENDIX E

ORDER OF UNITED STATES DISTRICT COURT DATED JULY 5, 1973

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

JONDORA MUSIC PUBLISHING COMPANY,

Plaintiffs,

vs.

MELODY RECORDINGS, INC., et al.,

Defendants.

Civil Action No. 1741-72

An order having this day been entered herein denying, without prejudice, the motion of defendants U.S. Tape, Inc. and George Tucker for the entry of summary judgment in order to afford plaintiffs an opportunity to complete discovery proceedings, and it appearing from the affidavits and depositions on file that the plaintiffs have taken the depositions of Mr. George Tucker and Miss Giatras on March 1 and March 2, 1973, and that the defendants, both prior to and at said depositions have produced all documents requested by plaintiffs, except that U.S. Tape Inc. insisted upon blocking out the names and addresses of its customers on the sales invoices, as more

particularly appears from the affidavits of George Tucker, sworn to on March 10, 1973 and April 6, 1973, and the plaintiffs having moved by notice dated March 14, 1973 for an order compelling defendant U.S. Tape Inc. to reveal its customer list to plaintiffs, and good cause appearing, it is

ORDERED:

1. Defendant U.S. Tape Inc. is hereby ordered to permit plaintiffs' attorneys to inspect and copy its sales invoices, including the names and addresses of customers as they appear on said invoices;

2. Plaintiff shall have a period of 45 days after being afforded the opportunity to inspect and copy U.S. Tape Inc.'s sales invoices, as aforesaid, in which to complete discovery proceedings with respect thereto, which discovery proceedings shall be limited to depositions of or interrogatories to the parties referred to in said invoices; and

3. Defendants be and hereby are granted leave to renew their motion for summary judgment upon expiration of the time period referred to in Paragraph "2" hereof, without the necessity of filing briefs or affidavits in addition to those already on filed.

Dated: July 5, 1973.

s/ F.B. Lacey
Frederick B. Lacey, U.S.D.J.

APPENDIX F

STIPULATION OF FACTS DATED DECEMBER 11, 1973

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

JONDORA MUSIC PUBLISHING COMPANY, et al.,

Plaintiffs,

-against-

MELODY RECORDINGS, INC., et al.,

Defendants.

Civil Action No. 1741-72

IT IS HEREBY STIPULATED AND AGREED, by and between the undersigned attorneys for plaintiffs and for defendants U.S. Tape, Inc. ("U.S. Tape") and George Tucker that the following facts are true and that, as between plaintiffs and U.S. Tape and Tucker, this case may be finally decided by this Court upon the facts so stipulated, without prejudice to the possible position of any party that some of the facts so stipulated may not be material or relevant to the determination of the issues presented herein.

Stipulated Facts

1. Each of the plaintiffs is a corporation organized under the laws of the state alleged in paragraphs 23 through 69 of the

complaint. Each of the plaintiffs is a music publishing company engaged in the business of publishing, copyrighting and promoting original musical compositions and licensing the use of such musical compositions to recording companies and others for the manufacture of original recordings, including tapes. The plaintiffs are the registered owners and title holders of the copyrights to the copyrighted compositons set forth in Schedule A annexed hereto (hereinafter "the copyrighted compositions in suit"). Each of such copyrights has been duly registered with the United States Copyright Office and copyright certificates have been duly issued for each. Each such copyright is valid and in full force and effect.

2. Plaintiffs have filed a Notice of Use for Mechanical Instruments for each copyrighted composition in suit and from time to time have licensed various recording companies to make original sound recordings of the copyrighted compositions in suit by specified recording artists. From time to time, recording companies licensed by plaintiffs have manufactured and offered for commercial sale throughout the United States original sound recordings on records and tapes of the copyrighted compositions in suit.

3. Defendant U.S. Tape is a New Jersey corporation and defendant Tucker is its President and principal stockholder. U.S. Tape is, and at all times material hereto has been engaged in the business of duplicating whether by performing the whole process in connection therewith or doing some part thereof, in respect of pre-recorded tapes or engages in various facets of selling pre-recorded tapes, as hereinafter more fully described. Tucker in all

respects acted solely in a corporate capacity as an officer, stockholder and director of U.S. Tape, and not in any individual or personal capacity.

4. U.S. Tape has, from time to time, manufactured and offered for sale pre-recorded tapes which have included performances of certain of the copyrighted compositions in suit, as set forth in the representative sample below, is still engaged in the manufacture and sale of such tapes, and may intend to continue such activities in the future. In each instance, the pre-recorded tapes manufactured by U.S. Tape are and were duplicated from commercially available sound recordings produced and manufactured by others under license from one of the plaintiffs.

Name of Composition	Copyright Owner
It Don't Come Easy	Starling Music
One Man Band	Screen Gems — Columbia Music Co.

5. With respect to each of the copyrighted compositions in suit included on pre-recorded tapes manufactured by U.S. Tape, said defendant has served upon the plaintiff copyright owner and duly filed a Notice of Intent to Use, in purported compliance with the compulsory license provision of the Copyright Act (17 U.S.C. §101(e)) and in the belief that such tapes constitute "mechanical reproductions" within the meaning of that provision, and has, up to and including the date hereof,

accounted to plaintiffs for all royalties due and has tendered to plaintiffs payment of such royalties at the rate of Two Cents ($.02) for each such use of each copyrighted composition in suit, all in purported compliance with the compulsory license provision of the Copyright Act. Other than the aforesaid payments of royalties, U.S. Tape and Tucker have neither tendered nor paid compensation to anyone for the right to make such use of sound recordings manufactured by others.

6. Plaintiffs have, in many instances, rejected the royalty payments tendered by U.S. Tape and returned the checks constituting the purported payments, and have informed U.S. Tape of plaintiffs' contention that the compulsory license provision is not applicable. If, in some instances, the tendered payments were not rejected, such acceptance by any plaintiff was inadvertant and is expressly understood to be without prejudice to the contention of each plaintiff herein that the compulsory license provision is inapplicable to defendants' activities. It is conceded that there are music publishers, not including any of the plaintiffs herein, which do accept royalty payments from U.S. Tape and other defendants.

7. On the trial of this action, plaintiffs would have called expert witnesses concerning prevailing practices in the record industry. The testimony, which is not disputed by U.S. Tape and Tucker, would have been as follows:

(a) In order to manufacture and commercially sell original long-playing recordings, including those containing performances of the copyrighted compositions in suit which

were duplicated by the settling defendants, a recording company typically signs an artist to a recording contract, selects a producer for the recordings and signs him to a contract, selects the musical works to be recorded through a member of its artists and repertoire staff, selects recording dates, selects an orchestral arranger, copyists, orchestrator and engineering personnel, schedules rehearsals for the recording dates, hires the necessary back-up musicians, and schedules the recording dates. Initial recording sessions generally involve perfecting the instrumental sections, on what are called recording "tracks", which are made song by song and re-recorded many times until all persons involved in the creative decisions, including the artists and producer, are satisfied with the quality of the tracks. The instrumental tracks are then "over-dubbed" — *i.e.*, various instrumental sounds are inserted at specific places on the instrumental tracks, to add highlight, mood, depth and other effects designed to achieve a desired musical emotion.

(b) Vocal tracks are then recorded as the basic instrumental tracks are played to the vocalist, and this process is repeated until an artistically acceptable vocal track is completed. Thereafter, additional electronic effects may be added. The resulting multi-track master tape recording is then digested into a two-track master tape recording by a process called mixing, which involves additional artistic decisions by the producer and other creative personnel. The resulting master tape recording is then processed through several manufacturing stages into a stamper which is used to press commercial phonograph records. A master recording is made by an original recording company from a combination of many recording sessions, often involving

numerous attempts to obtain an acceptable product. The master recording is then used to manufacture phonograph records and tapes which are sold to the public at retail prices of approximately $5.98 for long-playing records and $6.98 for 8-track tapes.

(c) The total costs incurred by an original recording company in producing a single original long-playing record, including recording studio charges, payments to artists and musicians, equipment rental, arrangers' fees, copyists costs, orchestrators' costs and expenses of advertising and promotion are substantial.

8. U.S. Tape has produced and continues to produce pre-recorded tapes which include performances of the copyrighted musical compositions in suit, by utilizing electronic equipment to duplicate commercially available original recordings produced by others. U.S. Tape generally selects hit recordings, from which it first produces a tape master and then, by utilizing such tape master and electronic duplicating equipment, manufactures duplicates of the original recordings * * * of the requirements of that provision in the belief that the benefits and protection of that provision are available to them.

10. This Stipulation of Facts is expressly intended to bind only plaintiffs and defendants U.S. Tape and Tucker, and shall in no way bind or affect the rights of any person or entity other than the plaintiffs named in the complaint and the settling defendants.

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11. The execution of this Stipulation of Facts on behalf of plaintiffs and on behalf of defendants U.S. Tape and Tucker has been duly authorized by the responsible individuals and corporate officers.

Dated: Newark, New Jersey
December 11, 1973.

LUM, BIUNNO & TOMPKINS
s/ C.S. Barrett
Attorneys for Plaintiffs

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
s/ Steven B. Rosenfeld
Of Counsel for Plaintiffs

HELLRING, LINDEMAN & LANDAU
s/
Joel D. Siegal
A Member of the Firm
Attorneys for the
Settling Defendants

GLAUBERMAN & WEISS
s/ Sheldon A. Weiss
A Member of the Firm
Attorneys for Defendants
U.S. Tape, Inc. and
George Tucker

APPENDIX G

STIPULATION OF FACTS DATED DECEMBER 11, 1973

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

JONDORA MUSIC PUBLISHING COMPANY, et al.,

Plaintiffs,

-against-

MELODY RECORDINGS, INC., et al.,

Defendants.

Civil Action No. 1741-72

IT IS HEREBY STIPULATED AND AGREED, by and between the undersigned attorneys for plaintiffs and for defendants National Cinematape, Inc., American Cartridge Recording, a division of National Communication Arts, Inc., Alexander Magocsi, Jr., Davidow-Gellert, Inc., Telecor Industries, Inc., Harold Davidow, Charles Gellert, Grandy, Inc., John French, Audiotape, Inc., Elias Saka, Sunshine Music Corporation, American Copyright Research, Inc., Incentives, Inc., Byron Hawley and Joseph Barone (hereinafter the "settling defendants") that the following facts are true and that, as between plaintiffs and the settling defendants, this case may be finally decided by this Court upon the facts so stipulated,

without prejudice to the possible position of any party that some of the facts so stipulated may not be material or relevant to the determination of the issues presented herein.

Stipulated Facts

1. Each of the plaintiffs is a corporation organized under the laws of the state alleged in paragraphs 23 through 69 of the complaint. Each of the plaintiffs is a music publishing company engaged in the business of publishing, copyrighting and promoting original musical compositions and licensing the use of such musical compositions to recording companies and others for the manufacture of original recordings, including tapes. The plaintiffs are the registered owners and title holders of the copyrights to the copyrighted compositions set forth in Schedule A annexed hereto (hereinafter "the copyrighted compositions in suit"). Each of such copyrights has been duly registered with the United States Copyright Office and copyright certificates have been duly issued for each. Each such copyright is valid and in full force and effect.

2. Plaintiffs have filed a Notice of Use for Mechanical Instruments for each copyrighted composition in suit and from time to time have licensed various recording companies to make original sound recordings of the copyrighted compositions in suit by specified recording artists. From time to time, recording companies licensed by plaintiffs have manufactured and offered for commercial sale throughout the United States original sound recordings on records and tapes of the copyrighted compositions in suit.

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3. Defendant National Cinematape, Inc. is a New York corporation; and there is also a National Cinematape, Inc. which is a New Jersey corporation; defendant American Cartridge Recording is a division of National Communication Arts, Inc., a New Jersey corporation; defendant Alexander Magocsi, Jr. is an individual controlling both National Cinematape, Inc. and National Communication Arts, Inc.; defendant Davidow-Gellert, Inc. is a New York corporation; defendant Telecor Industries, Inc. is a New Jersey corporation; defendants Harold Davidow and Charles Gellert are the principal executive officers of Davidow-Gellert, Inc. and Telecor Industries, Inc.; defendants Audiotape, Inc. and Sunshine Music Corporation are New Jersey corporations; defendant Elias Saka is the principal managing officer of defendants Audiotape, Inc. and Sunshine Music Corporation; defendant Byron Hawley is the principal managing officer of defendant Incentives, Inc., a corporation. Defendants National Cinematape, Inc., a New Jersey corporation, American Cartridge Recording, a division of National Communication Arts, Inc., Telecor Industries, Inc., Audiotape, Inc., Incentives, Inc., Alexander Magocsi, Jr., Harold Davidow, Charles Gellert, Elias Saka and Byron Hawley at all times material hereto have engaged in the business of duplicating, whether by performing the whole process in connection therewith or doing some part thereof, in respect of pre-recorded tapes or engaged in various facets of selling pre-recorded tapes, as hereinafter more fully described.

4. The settling defendants named in the last sentence of paragraph 3 hereof have, from time to time, either engaged in some sort of manufacturing activities in respect of pre-recorded

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tapes or offered for sale pre-recorded tapes which have included performances of the copyrighted compositions in suit, a representative sample of which is set forth below, and are still engaged in such manufacturing or sale of tapes, and may intend to continue such activities in the future. In each instance, the pre-recorded tapes manufactured by those of the settling defendants who are engaged in manufacturing were and are duplicated from commercially available sound recordings produced and manufactured by others under license from one of the plaintiffs.

Defendant	Name of Composition	Copyright Owner
Audiotape, Inc.	It Don't Come Easy	Starling Music
	Beware of Darkness	Harrisongs, Inc.
	An Old Fashioned Love Song	Almo Music Corp.
National Cinematape, Inc.	Rainy Days and Mondays	Almo Music Corp.
	Jesus Christ Superstar	Leeds Music Corp. and Leeds Music Ltd.
		Combine Music Corp.
Telecor Industries, Inc.	Me and Bobby McGee	Harrisongs Music Inc. and Harrisongs Music Ltd.
	Bangla Desh	
	Folsom Prison Blues	Hill and Range Songs, Inc.
	Stand By Your Man	Al Gallico Music Corp.

Appendix G

5. With respect to each of the copyrighted compositions in suit included on pre-recorded tapes manufactured by one or more of the settling defendants, the settling defendants who manufactured such tapes have served upon the plaintiff copyright owner and duly filed a Notice of Intent to Use, in purported compliance with the compulsory license provision of the Copyright Act (17 U.S.C. §101(e)) and in the belief that such tapes constitute "mechanical reproductions" within the meaning of that provision, and have, up to and including the date hereof, accounted to plaintiffs for all royalties due and have tendered to plaintiffs payment of such royalties at the rate of Two Cents ($.02) for each such use of each copyrighted composition in suit, all in purported compliance with the compulsory license provision of the Copyright Act. Other than the aforesaid payments of royalties, the settling defendants have neither tendered nor paid compensation to anyone for the right to make such use of sound recordings manufactured by others.

6. Plaintiffs have, in many instances, rejected the royalty payments tendered by the settling defendants and returned the checks constituting the purported payments, and have informed the defendants of plaintiffs' contention that the compulsory license provision is not applicable. If, in some instances, the tendered payments were not rejected, such acceptance by any plaintiff was inadvertent and is expressly understood to be without prejudice to the contention of each plaintiff herein that the compulsory license provision is inapplicable to defendants' activities. It is conceded that there are music publishers, not including any of the plaintiffs herein, which do accept royalty payments from the settling defendants.

Appendix G

7. On the trial of this action, plaintiffs would have called expert witnesses concerning prevailing practices in the record industry. The testimony, which is not disputed by the settling defendants, would have been as follows:

(a) In order to manufacture and commercially sell original long-playing recordings, including those containing performances of the copyrighted compositions in suit which were duplicated by the settling defendants, a recording company typically signs an artist to a recording contract, selects a producer for the recordings and signs him to a contract, selects the musical works to be recorded through a member of its artists and repertoire staff, selects recording dates, selects an orchestral arranger, copyists, orchestrator and engineering personnel, schedules rehearsals for the recording dates, hires the necessary back-up musicians, and schedules the recording dates. Initial recording sessions generally involve perfecting the instrumental sections, on what are called recording "tracks", which are made song by song and re-recorded many times until all persons involved in the creative decisions, including the artists and producer, are satisfied with the quality of the tracks. The instrumental tracks are then "over-dubbed" — *i.e.*, various instrumental sounds are inserted at specific places on the instrumental tracks, to add highlight, mood, depth and other effects designed to achieve a desired musical emotion.

(b) Vocal tracks are then recorded as the basic instrumental tracks are played to the vocalist, and this process is repeated until an artistically acceptable vocal track is completed. Thereafter, additional electronic effects may be added. The

resulting multi-track master tape recording is then digested into a two-track master tape recording by a process called mixing, which involves additional artistic decisions by the producer and other creative personnel. The resulting master tape recording is then processed through several manufacturing stages into a stamper which is used to press commercial phonograph records. A master recording is made by an original recording company from a combination of many recording sessions, often involving numerous attempts to obtain an acceptable product. The master recording is then used to manufacture phonograph records and tapes which are sold to the public at retail prices of approximately $5.98 for long-playing records and $6.98 for 8-track tapes.

(c) The total costs incurred by an original recording company in producing a single original long playing record, including recording studio charges, payments to artists and musicians, equipment rental, arrangers' fees, copyists costs, orchestrators' costs and expenses of advertising and promotion are substantial.

8. The settling defendants named in paragraph 3 hereof produced and continue to produce pre-recorded tapes which include performances of the copyrighted musical compositions in suit, by utilizing electronic equipment to duplicate commercially available original recordings produced by others. The settling defendants generally select hit recordings, from which they first produce a tape master and then, by utilizing such tape master and electronic duplicating equipment, manufacture duplicates of the original recordings, assemble

them into plastic cartridges, affix their own labels thereto bearing the names of the original recording artists and titles, and package the cartridges for commercial sale, ordinarily at prices lower than those of the original recordings from which they are duplicated. Each such pre-recorded tape is an exact duplicate of the performance appearing on the original recording. A reference is affixed to the tape cartridge and label stating that the musical composition recorded on the duplicate tape has been manufactured pursuant to the compulsory licensing provision of Federal Copyright Law by the particular duplicator involved. For example, defendant American Cartridge Recording, a division of National Communication Arts, Inc. uses the following notation:

> "Manufactured in U.S.A. by American Cartridge Recording, a division of National Communication Arts, Inc., Englewood, N.J. All Statutory Royalties have been escrowed and/or paid, pursuant to Title 17, U.S. Code as amended by S. 646."

All of the settling defendants have refrained at all times material from manufacturing their sound recordings in clandestine, undercover or hidden fashion. They have at all times material herein operated their businesses in open fashion pursuant to what they believe are the compulsory license provisions of Federal Copyright Law.

9. Each of the plaintiffs has at all times refused to discuss a negotiated license with any of the settling defendants. None of

the settling defendants has at any time obtained an express license from any of the plaintiffs, either written or oral, for use of any of the copyrighted compositions in suit in the manufacture of pre-recorded tapes. The settling defendants have relied entirely upon the compulsory license provision of the Copyright Act as authority for their use of the copyrighted compositions in suit and have fully complied with all of the requirements of that provision in the belief that the benefits and protection of that provision are available to them.

10. Defendant American Copyright Research, Inc. is a New Jersey corporation; defendant Joseph Barone is the President and chief operating officer of American Copyright Research, Inc. American Copyright Research, Inc. is engaged in the business of performing certain services for manufacturers of pre-recorded tapes, including undertaking research to determine the registered owners of copyrights in musical compositions, the preparation of reports regarding mechanical reproduction of copyrighted compositions, and preparing and filing Notices of Intention to Use and royalty statements under the compulsory license provision of the Copyright Act. American Copyright Research, Inc. has from time to time provided such services to defendants National Cinematape, Inc., National Communication Arts, Inc., and Audiotape, Inc., and in so doing has materially facilitated the business engaged in by those defendants.

11. Defendant Grandy, Inc. is a New Jersey corporation; defendant John French is the sole stockholder of Grandy. Grandy has engaged in the business of selling and servicing electro-mechanical devices, including magnetic heads used in

electronic tape duplicating equipment, such as that employed by defendants National Cinematape, Inc., National Communication Arts, Inc. and Audiotape, Inc. Grandy also produces duplicated hubs as a subcontractor for others. From time to time, Grandy has provided such services to other defendants herein who are engaged in the business of manufacturing and selling pre-recorded tapes, although such services account for less than ten percent of Grandy's total business. The services provided by Grandy to other defendants have materially facilitated the business engaged in by those defendants.

12. Defendant Incentives, Inc., a corporation in which defendant Byron Hawley is the chief managing officer, has assembled cartridges for individuals who sold cartridges to some of the other settling defendants.

13. This Stipulation of Facts is expressly intended to bind only plaintiffs and the settling defendants, and shall in no way bind or affect the rights of any person or entity other than the plaintiffs named in the complaint and the settling defendants.

14. The execution of this Stipulation of Facts on behalf of plaintiffs and on behalf of the settling defendants has been duly authorized by the responsible individuals and corporate officers.

15. This Stipulation of Facts may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Appendix G

Dated: Newark, New Jersey
December 11, 1973.

LUM, BIUNNO & TOMPKINS
s/ C.S. Barrett
Attorneys for Plaintiffs

PAUL, WEISS, RIFKIND,
WHARTON & GARRISON
s/ Steven B. Rosenfeld
Of Counsel for Plaintiffs

HELLRING, LINDEMAN
& LANDAU
s/ Joshua A. Kalkstein
Attorneys for the Settling Defendants

The Settling Defendants hereby consent to the substance, form and entry of this Stipulation of Facts:

NATIONAL CINEMATAPE, INC.

By_____

APPENDIX H

FINAL JUDGMENT OF UNITED STATES DISTRICT COURT, DECEMBER 13, 1973

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

JONDORA MUSIC PUBLISHING COMPANY, et, al.,

Plaintiffs,

-against

MELODY RECORDINGS, INC., et. al.,

Defendants.

This case having duly come on to be heard before Hon. Frederick B. Lacey, U.S.D.J., for a trial, without a jury, upon stipulated facts, as set forth in the Stipulation of Facts dated and filed herein on December 11, 1973, by and between the attorneys for plaintiffs and the attorneys for defendants National Cinematape, Inc., American Cartridge Recording, a division of National Communications Arts, Inc., Alexander Magosci, Jr., Davidow-Gellert, Inc., Telecor Industries, Inc., Harold Davidow, Charles Gellert, Grandy, Inc., John French, Audiotape, Inc., Elias Saka, Sunshine Music Corporation, American Copyright Research, Inc., Joseph Barone, Incentives, Inc. and Byron Hawley, and the Stipulation of Fact dated and filed herein on December 11, 1973, by and between the attorneys

for plaintiffs and the attorneys for defendants U.S. Tape, Inc. and George Tucker, of the issues as between plaintiffs and the aforesaid defendants; and plaintiffs and the aforesaid defendants having appeared by counsel; and the aforesaid defendants having duly moved this Court for the entry of judgment dismissing the complaint herein as to them; and plaintiffs having opposed such dismissal and renewed their request for injunctive relief against the alleged infringement of their copyrights; and this Court having adopted the aforesaid Stipulations of Fact as its Findings of Fact pursuant to Rule 52, F.R.C.P. and having heretofore rendered its Conclusion of Law, as set forth in its opinions filed herein on November 22, 1972, (351 F. Supp. 572), June 26, 1973 and June 27, 1973, that the compulsory license provisions of the Copyright Act (17 U.S.C. § 1(e) and 17 U.S.C. § 101(e)) are applicable to the duplication of sound recordings, as engaged in by the defendants herein; and, apart from the aforesaid issue of law, there being no other material issues of fact or law in dispute between plaintiffs and the aforesaid defendants; and this Court having expressly determined that there is no just reason for delay in the entry of final judgment as between plaintiffs and the aforesaid defendants,

NOW, THEREFORE, upon the aforesaid Stipulations of Fact and upon the aforesaid Conclusion of Law, it is hereby

ADJUDGED, that there exists no just reason for delay in the entry of Final Judgment as between plaintiffs and defendants National Cinematape, Inc., American Cartridge Recording, a division of National Communications Arts, Inc., Alexander Magosci, Jr., Davidow-Gellert, Inc., Telecor Industries, Inc.,

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Harold Davidow, Charles Gellert, Grandy, Inc., John French, Audiotape, Inc., Elias Saka, Sunshine Music Corporation, American Copyright Research, Inc., Joseph Barone, Incentives, Inc., Byron Hawley, U.S. Tape, Inc. and George Tucker; and it is further

ADJUDGED, that there is no genuine issue as to any material fact and that the aforesaid defendants are entitled to a judgment as a matter of law; and it is further

ADJUDGED, that this Court has jurisdiction of the aforesaid parties and of the subject matter of this action; and it is further

ADJUDGED, that the complaint herein be, and it is hereby, dismissed with prejudice as against the defendants National Cinematape, Inc., American Cartridge Recording, a division of National Communications Arts, Inc., Alexander Magosci, Jr., Davidow-Gellert, Inc., Telecor Industries, Inc., Harold Davidow, Charles Gellert, Grandy, Inc., John French, Audiotape, Inc., Elias Saka, Sunshine Music Corporation, American Copyright Research, Inc., Joseph Barone, Incentives, Inc., Byron Hawley, U.S. Tape, Inc., and George Tucker, without costs.

Dated this 31st day of December, 1973.

s/ Frederick B. Lacey,
Frederick B. Lacey, U.S.D.J.

Appendix H

The entry of the foregoing Final Judgment is hereby consented to:

HELLRING, LINDEMAN & LANDAU
Attorneys for Defendants National Cinematape, Inc., et al.

s/ Joel D. Siegal

GLAUBERMAN & WEISS
Attorneys for Defendants U.S. Tape, Inc. and George Tucker

s/ Sheldon D. Weiss

The entry of the foregoing Final Judgment is hereby consented to as to form only and without any waiver of plaintiffs' right to appeal therefrom:

LUM, BIUNNO & TOMPKINS
Attorneys for Plaintiffs

s/ C.S. Barrett

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
Of Counsel for Plaintiffs

s/ Steven B. Rosenfeld

APPENDIX I

OPINION OF UNITED STATES COURT OF APPEALS

UNITED STATES COURT OF APPEALS

FOR THE THIRD CIRCUIT

No. 74-1241

JONDORA MUSIC PUBLISHING COMPANY, CROMWELL MUSIC, INC., ESSEX MUSIC, INC., HILL AND RANGE SONGS INC., ELVIS PRESLEY MUSIC, INC., BLUE SEAS MUSIC, INC., JAC MUSIC CO., INC., BLACKWOOD MUSIC, INC., BIG SEVEN MUSIC CORP., AL GALLICO MUSIC CORPORATION, TWENTIETH CENTURY MUSIC CORPORATION, SIQUOMB PUBLISHING CORP., SONGFEST MUSIC, INC., COMBINE MUSIC CORP., KOPPELMAN-RUBIN MUSIC INC., DALY CITY MUSIC, EVIL EYE MUSIC INC., VENICE MUSIC INC., ABKO MUSIC, INC., BEECHWOOD MUSIC CORPORATION, BEECHWOOD MUSIC OF CANADA, BLUE BOOK MUSIC CO., INC., RIVERS MUSIC CO., JOBETE MUSIC COMPANY, INC., SCREEN GEMS-COLUMBIA MUSIC, INC., ALDON MUSIC, INC., CONRAD PUBLISHING COMPANY, PRONTO MUSIC, INC., LUCON MUSIC PUBLISHING COMPANY, E.G. MUSIC LTD., TOTAL MUSIC, INC., AHAB MUSIC CO., INC., BOURNE INC., HARRISONGS MUSIC INC., HARRISONGS MUSIC LTD., VOGUE MUSIC, INC., THIRD STORY MUSIC, INC., ALMO MUSIC CORP., WB MUSIC CORP., WORDS & MUSIC, INC., APPLE MUSIC PUBLISHING CO., INC., STARTLING MUSIC LTD., STARTLING MUSIC, INC., CEDARWOOD PUBLISHING COMPANY, INC., HARRISON MUSIC CORP., TRACK MUSIC, INC., FABULOUS MUSIC LTD., VECTOR MUSIC CORP., TIGER MUSIC, INC., M. WITMARK & SONS, LEEDS

MUSIC CORPORATION, LEEDS MUSIC LIMITED and APRIL MUSIC, INC.,

Plaintiffs-Appellants,

v.

MELODY RECORDINGS, INC., AL CECCHI, also known as AL COHEN, U.S. TAPE, INC., GEORGE TUCKER, NATIONAL CINEMATAPE, INC., AMERICAN CARTRIDGE RECORDING, a division of NATIONAL COMMUNICATIONS ARTS, INC., ALEXANDER MAGOSCI, JR., DAVIDOW GELLERT, INC., TELECOR INDUSTRIES, INC., HAROLD DAVIDOW, CHARLES GELLERT, GRANDY, INC., JOHN FRENCH, ROYALE GENERAL MUSIC CO., INC., LIVINGSTON AUDIO PRODUCTS CORP., CONTINENTAL SALES CORP., DARRELL D. SCHOLTEN, THOMAS J. HOFBAUER, CARL VOLPE, AUDIOTAPE., INC., ELIAS SAKA, NOW SOUNDS, INC., DIAMOND SOUNDS, INC., METRO TAPES, INC., STELLAR SOUNDS, INC., AUDIOTECH, INC., SAURON CORPORATION, PRESIDENTIAL EDITION CORPORATION, SUNSHINE MUSIC CORPORATION, SUDOL SUPPLY, INC., EDWARD SUDOL, INCENTIVES, INC., BYRON HAWLEY, GENERAL DISTRIBUTORS, INC., JOE JAMAL, SAM COHEN, ANTHONY STEFANELLI, doing business as DJ TAPES, AMERICAN COPYRIGHT RESEARCH, INC., and JOSEPH BARONE,

Defendants-Appellees.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

(D.C. Civil No. 1741-72)

Argued October 25, 1974
Before KALODNER, GIBBONS and WEIS, *Circuit Judges.*

Of Counsel:

Daniel J. Kornstein, Esq.
Paul, Weiss, Rifkind,
Wharton & Garrison
345 Park Avenue
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OPINION OF THE COURT

(Filed December 27, 1974)

WEIS, *Circuit Judge.*

To a schoolboy, "piracy" may mean swashbuckling adventure, lumbering merchantmen, booty, and the Jolly Roger. To a musical composer or a record manufacturer, however, piracy means not doubloons, but dollars, not cutlasses, but cut-rate losses, not the creaking of a ship under way, but the almost imperceptible hum of a reel-to-reel tape, and certainly no jollity about unauthorized copies of a musical work. We conclude here that a composer is not defenseless but, using the guns of the Copyright Act, can force the pirate to heave to in response to an injunctive shot across the bow.

The plaintiffs are publishers who own the copyrights for a number of musical compositions[1] and thus stand in the shoes of the composers of the musical works. The defendants manufacture and sell sound-tape duplications of popular phonograph records.[2]

Suit was brought in the district court on the allegation that the defendants had infringed the rights granted to the

1. Some of the songs involved are: "I Believe," "Raindrops Keep Fallin' on my Head," and "Blowin' in the Wind."

2. Included in this case are recordings by Johnny Cash, Elvis Presley, Bob Dylan, and George Harrison.

composers by the Copyright Act, 17 U.S.C. §§1, *et seq.* The district court denied relief, holding that the compulsory license provision, 17 U.S.C. §1(e), serves to insulate the defendants from liability.[2a]

This particular provision of the Copyright Act was passed by Congress in 1909 after the Supreme Court in *White-Smith Music Publishing Co. v. Apollo Co.*, 209 U.S. 1 (1908), had decided that a composer could not copyright a perforated piano roll of his musical work. Although it desired to give protection to the composer, Congress wished to avoid granting a monopoly to a certain company which then held a dominant position in the piano roll manufacturing field. The problem was solved by a legislative compromise which granted the composer protection from unauthorized recording of an unreleased work. If, however, the composer chose to license one manufacturer to make mechanical reproductions,[3] others would be allowed to record the composition upon payment of a specified royalty. The pertinent provision of the statute reads:

> ". . . And as a condition of extending the copyright control to such mechanical reproductions, that whenever the owner of a musical copyright has used or permitted or knowingly acquiesced in the use of the copyrighted work upon the parts of instruments serving to reproduce mechanically the musical work, any other person may make similar use of the copyrighted work upon the payment to the copyright proprietor of a royalty of 2 cents on each such part manufactured, to be paid by the manufacturer thereof; . . ."
> 17 U.S.C. §1(e).

2a. The opinions of the district court are reported at 351 F. Supp. 572 (D. N.J. 1972); 362 F. Supp. 488 (D. N.J. 1973); and 362 F. Supp. 494 (D. N.J. 1973).

3. We see no need in this case to enter the debate over the contention that the statute would not apply to electronic recording since it was unknown in 1909 (although the use of phonograph records was widespread at the time). *See* Henn, *The Compulsory License Provisions of the U.S. Copyright Law* (1956), *Studies on Copyright Law Revision For the Subcomm. on Patents, Trademarks, and Copyrights of the Senate Comm. on the Judiciary*, 86th Cong., 1st Sess., Study No. 5 at 17 n.59 (S. Comm. Print 1960).

The composer is thus given the right to select the licensee who will originally produce a record of the musical work, but thereafter any other manufacturer can also record the composition pursuant to this compulsory licensing provision. The effect of the statute is to impose three obligations upon those other than the original manufacturer:

1. To pay a royalty of two cents per record;

2. To file a notice of intent to use; and

3. To make a "similar use of the copyrighted work."

The phrase, "similar use of the copyrighted work," is the essence of this case.

There has been surprisingly little litigation on the meaning of the phrase, and the few appellate cases interpreting it in terms of the rights of the composer have occurred within recent years.

The first case to construe the language of the amendment of 1909 was *Aeolian Co. v. Royal Music Roll Co.*, 196 F. 926 (W.D. N.Y. 1912). The district court there said of "similar use:"

> ". . . but the subsequent user does not thereby secure the right to copy the perforated rolls or records. He cannot avail himself of the skill and labor of the original manufacturer of the perforated roll or record by copying or duplicating the same, but must resort to the copyrighted composition or sheet music, and not pirate the work of a competitor who has made an original perforated roll."
> 196 F. at 927.

This case has been criticized for the result it reached, and the strength of the interpretation consequently has been questioned.[4]

4. The *Aeolian* court recognized that music rolls or records were not, per se, subject to copyright but allowed the plaintiff-licensee-manufacturer an injunction as a "party aggrieved" under the Copyright Act. It is this holding that is incorrect. *See* Note, *Piracy on Records*, 5 Stan. L. Rev. 433, 443 (1953).

In the years following the *Aeolian* case, most of the writers in the field were preoccupied with the problem of copyright for the physical recording itself.[5] Until Congress recently provided otherwise, it was generally conceded that a record as such could not be copyrighted. *See Capitol Records v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955); Ringer, *The Unauthorized Duplication of Sound Recordings, supra.* Hence, the efforts of performers and manufacturers to secure relief from record piracy were unavailing under the Copyright Act, and debate continued on the desirability of extending protection to recordings, per se.

Within the past few years, however, record "pirates" or "duplicators,"[6] were confronted by direct challenges of the composers.[7]

In *Duchess Music Corp. v. Stern*, 458 F.2d 1305 (9th Cir.), *cert. denied* 409 U.S. 847 (1972), and *Edward B. Marks Music Corp. v. Colorado Magnetics, Inc.*, 497 F.2d 285 (10th Cir. 1974), *aff'd. on rehearing in banc*, the Courts of Appeals held for the composers, though not without some voices of dissent. In both instances the majorities held that "similar use" under the compulsory license provision did

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5. *E.g.*, in the oft cited Ringer, *The Unauthorized Duplication of Sound Recordings, Studies on Copyright Law Revision For the Subcomm. on Patents, Trademarks, and Copyrights of the Senate Comm. on the Judiciary*, 86th Cong., 2d Sess., Study No. 26 (S. Comm. Print 1961), the author states preliminarily, "The right of an author to control sound recordings of his work is outside the scope of this paper. What we are concerned with are the rights of performers and record producers to prevent unauthorized duplication of their own contributions to the record." *See also*, Chafee, *Reflections on the Law of Copyright: II*, 45 Colum. L. Rev. 7119 (1945); Kalodner & Vance, *The Relation Between Federal and State Protection of Literary and Artistic Property*, 72 Harv. L. Rev. 719 (1959); Note, *Piracy on Records*, 5 Stan. L. Rev. 433 (1953).

6. We use these two words interchangeably with no particular significance attached to the choice. The plaintiffs here prefer the pejorative overtones of "piracy," and the defendants, understandably, prefer the more innocuous "duplicators."

7. One reason for these recent cases may be the increased remedies provided to the composers by Pub. L. 92-140, effective October 15, 1971, 17 U.S.C. § 101(e). Before that time, no criminal sanctions were available to the composer for violation of the compulsory license provision, and he was limited to injunctive relief and civil damages not to exceed three times the statutory royalty.

not apply to those who made duplicates from authorized recordings.

The *Duchess* court reviewed the legislative history of the 1909 amendment and gave favorable consideration to the language interpretation of *Aeolian Co. v. Royal Music Roll Co., supra.* The Court of Appeals for the Tenth Circuit, in discussing the phrase, "any other person may make similar use of the copyrighted work," said:

> "This means, to us, that one who complies with royalty payment called for by the statute, though not having any authorization from the copyright owner, may nonetheless then 'use,' not a third party's record, but the copyrighted composition, which has been characterized as the 'raw material,' in a manner 'similar' to that employed by the recording company which did have authorization from the copyright owner . . . [U]nder the statute [defendants] . . . may 'use' the copyrighted composition in a manner 'similar' to that made by the licensed recording company . . . It does not mean that [defendants] . . . may use the composer's copyrighted work by duplicating and copying the record of a licensed recording company. Such, in our view, is not a *similar* use."[8] 497 F.2d at 288.

We agree with this interpretation of the statute but feel even more strongly that the duplicators or pirates do not "use" the composer's work in a "similar" fashion—indeed, they do not utilize the composer's work at all. It is a recording which is used. Rather than permit the use of a recording of the composition, the statute only authorizes the use of the copyrighted work, that is, the written score.

The use to which the original licensee put the composer's work, *i.e.*, the musical score, was much more elabo-

8. *Nimmer on Copyright*, § 108.4621 (1973 ed.), disagrees with this interpretation, but we are not persuaded by that eminent author's argument to the contrary.

rate, involving as it did the preparation of an arrangement from the written composition and its performance by musicians and vocalists. The mere duplication of a recording by the pirate is not the same as, or "similar" to, the efforts made by the original licensee in utilizing the characters on a piece of paper as the basic plan for producing harmonious sounds.[9]

The copyright law is enacted for the benefit of the composer in accordance with the constitutional grant of Art. I, §8, cl. 8:

> "The Congress shall have Power . . .
>
> "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

The amendment of 1909 was intended to protect the creative efforts of the composer, and the compulsory license provision was inserted, not in an effort to penalize him, but to prevent monopolization by manufacturers. The statute should be interpreted in that spirit.

The interest of the composer may be adversely affected by the pirating of licensed recordings. The decision by a manufacturer to make a recording of a musical work necessarily involves consideration of the expense in obtaining outstanding performers and arrangers, as well as the initial cost of the master recording. These factors must be balanced against the anticipated number of copies to be sold. Generally, the life of a popular song recording is a short one. If a record producer can arrange for the happy combination of an outstanding performer and an exceptional song, he will be able to sell enough records to make a profit. Since the pirate's only initial expense is the purchase of one

9. To put the concept in a different setting—the court reporter, who listens to the sound of a witness's voice, makes notes on a stenotype machine, and then types the words on sheets of paper, makes use of the witness's oral statements. A person who simply photocopies the transcript does not make the same or a similar use of the witness's voice sounds.

phonograph record or sound tape, he obviously can sell a duplicate at a substantially lower price. If the market is reduced by these cut-rate copies, the record manufacturer's incentive to market other hit recordings is necessarily diminished. In turn, this is a detriment to the composer, who may anticipate that his works will be performed in a less costly production and possibly receive less public attention. To this extent, the interests of the composer and manufacturer coincide in combating piracy.[10]

The Supreme Court has not yet spoken on the issue before this court. Its closest approach was in *Goldstein v. California*, 412 U.S. 546 (1973), where the Court held that recordings, in and of themselves, were not copyrightable until 1971, when Congress amended the Act to permit such protection for producers and performers. The Court decided that since Congress had not made the Act applicable to any recording "fixed" before March 15, 1972, there was no constitutional impediment to state statutes prohibiting piracy of records prepared before the effective date. The duplicators in that case did not argue that there was any direct conflict between the state regulation and the compulsory license provision of § 1(e).[11] Again in *Goldstein* as in the earlier cases, the issue was focused upon the question of copyrighting the record itself—not on the rights of the composer. We agree with the *Marks* court and the court below that *Goldstein* did not pass on the issue here—the nature and extent of the interest of the composer.

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10. In Note, *Record Piracy and Copyright: Present Inadequacies and Future Overkill*, 23 Maine L. Rev. 359 (1972), the author points out that not all piracy is concerned with making money on hit records but that some duplicators make possible the preservation of recordings, particularly in the jazz and classical fields, which were not commercially successful and were prematurely withdrawn from the market by profit-conscious manufacturers.

11. While an argument might be made that our interpretation of "similar use" leads to a conclusion that Congress intended to pre-empt the field of sound recording protections, the thrust of the *Goldstein* opinion was to give a narrow interpretation to pre-emption in the copyright field. Furthermore, it bears repeating that while the interests in composition and recording at times may track closely, they are separate and distinct—as an example, a duplication of a recording of a musical work in the public domain would not infringe the rights of any composer but might be a real detriment to the performer.

When Congress did amend the Copyright Act in 1971 to provide protection for sound recordings, the legislative history reviewed one phase of the problem to be corrected. The district court in its opinion relied upon statements in both the House and Senate Reports to the effect that under the former state of the law, if the "unauthorized" producers paid the statutory royalty, there was no federal remedy available to prevent unauthorized reproduction of the recording. But a court is not bound by a congressional interpretation of a statute passed in a preceding session. The weight to be given a legislative committee's views on the meaning of a statute enacted in years past is the same as that given to any other commentator—having due regard to whether the subject was specifically addressed and to the objective of the committee work.[12]

Furthermore, we note that, in discussing a proposal for a compulsory license for recordings, the legislative report reads:

> "The Senate Committee rejected this proposal on the ground that the two situations are not parallel: the existing compulsory license [under § 1(e)] merely provides access to the copyrighted musical composition, which is the 'raw material' of a recording, and the performers, arrangers, and recording artists are needed to produce the finished creative work in the form of a distinctive sound recording." 1971 U.S. Code Cong. & Adm. News 1569.

It is our conclusion that making an identical copy of a recorded version of a copyrighted musical composition is not a "similar use" as permitted by the compulsory license provisions of § 1(e). Therefore, the judgment of the district court will be vacated, and the case remanded for further proceedings consistent with this opinion.

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12. *See* Kurlantzick, *The Constitutionality of State Law Protection of Sound Recordings*, 5 Conn. L. Rev. 204, 234 n.102 (1972). For another commentary on the 1971 amendment, *see* Schrader, *Sound Recordings: Protection Under State Law and Under the Recent Amendment to the Copyright Code*, 14 Ariz. L. Rev. 689 (1972).

GIBBONS, *Circuit Judge,* dissenting:

The issue of statutory interpretation presented by this case is of limited practical effect because of the combined effects of 17 U.S.C. § 1 *et seq.*, Pub. L. No. 92-140, §§ 1(a), 2, 85 Stat. 391 (Oct. 11, 1971), and the recent decision in *Goldstein v. California*, 412 U.S. 546 (1973). The new statute creates a limited copyright in sound recordings of musical compositions which were "fixed" (first recorded) after February 15, 1972. The *Goldstein* case holds that the states may afford protection for sound recordings "fixed" at any time under state unfair competition laws. Thus the unwarranted interpretation of the Copyright Act of 1909 will not have widespread economic impact. It is, nevertheless, quite clearly wrong, and the error in construction of the statute cannot be cured by pejorative references to the appellees as "pirates" rather than "licensees."

Congress first extended federal copyright protection to original musical compositions in 1831. Act of Feb. 3, 1831, ch. 16, 4 Stat. 436. The Copyright holder had the exclusive authority to sell copies (i.e. printed sheet music) of the musical score. However between 1831 and 1909, numerous machines were invented which allowed the composition to be reproduced mechanically. The mounting sale of player piano rolls and gramophone records detracted from the value of the copyright granted for the musical composition since anyone in possession of such modern innovations had little need for a copy of the sheet music. In response, Congress began in 1905 to consider a thorough revision of the copyright laws. The necessity for legislative revision was highlighted by the decision in *White-Smith Music Publishing Co. v. Apollo*, 209 U.S. 1 (1908). The Apollo Company had manufactured piano rolls capable of reproducing mechanically compositions covered by a copyright owned by appellant. Appellant, the assignee of the composer, contended that the piano

rolls constituted "copies" of the copyrighted composition, and that their sale, without permission, constituted an infringement of the copyright. The Court held that neither piano rolls nor records were "copies" of the copyrighted composition, within the meaning of the federal copyright statutes, but merely component parts of a machine which executed the composition. 209 U.S. at 18. Despite the fact that the piano rolls employed the creative work of the composer, all protection was denied.

Thereafter Congress determined that the copyright statutes should be revised to insure that composers of original musical works received adequate protection to encourage further artistic and creative effort. The Supreme Court in *Goldstein v. California, supra* analyzing the historical background to the Act of 1909 admonishes us:

> "To interpret accurately Congress' intended purpose in passing the 1909 Act . . . we must remember that our modern technology differs greatly from that which existed in 1909. The Act and the [House] report should not be read as if they were written today, for to do so would inevitably distort their intended meaning; rather, we must read them against the background of 1909, in which they were written." 412 U.S. at 564.

Under § 1(e) of the Copyright Act of 1909 records and piano rolls were thereafter to be considered as "copies" of the original composition, and could not be manufactured unless payment was made to the copyright holder of the composition. However the *Goldstein* decision in analyzing the 1909 Act noted that

> "Composers were to have no control over the recordings themselves. Nowhere does the [House] report indicate that Congress considered records as anything but a component part of a machine, capable of reproducing an original composition, or . . . as *renderings of* [an] *original artistic performance* . . . ." 412 U.S. at 566 (emphasis in original).

As enacted in 1909, § 1(e) of the Copyright Act, 17 U.S.C. § 1 *et seq.* reads in pertinent part:

> "*Provided* . . . as a condition of extending the copyright control to such mechanical reproductions, that whenever the owner of a musical copyright has used or permitted or knowingly acquiesced in the use of the copyrighted work upon the parts of instruments serving to reproduce mechanically the musical work, any other person may make similar use of the copyrighted work upon the payment to the copyright proprietor of a royalty of 2 cents on each such part manufactured, to be paid by the manufacturer thereof . . . ."

Section 101(e) of the Copyright Act, 17 U.S.C. § 101(3) provides in pertinent part:

> "*Interchangeable parts for use in mechanical music-producing machines.*—
>
> Interchangeable parts, such as discs or tapes for use in mechanical music-producing machines adapted to reproduce copyrighted musical works shall be considered copies of the copyrighted musical works which they serve to reproduce mechanically for the purposes of this section 101 and sections 106 and 109 of this title, and the unauthorized manufacture, use, or sale of such interchangeable parts shall constitute an infringement of the copyrighted work rendering the infringer liable in accordance with all provisions of this title dealing with infringements of copyright and, in a case of willful infringement for profit, to criminal prosecution pursuant to section 104 of this title."

Thus, under § 1(e), after the owner of the copyright in a musical composition has authorized its use in the manufacture of parts of instruments [i.e. piano rolls, records, tapes] ". . . any other person may make a similar use. . ." This is the so-called "compulsory license" pro-

vision upon which defendants relied. This provision was added to the Act when, during the course of congressional hearings in 1909, Congress learned that one dominant piano roll company, anticipating the establishment of an exclusive licensing right, had contracted with the leading music publishers for the exclusive right to record all their music. To forestall the danger that one company would acquire a monopoly in the making of piano rolls and records by acquiring the copyrights of musical compositions, the draftsmen adopted the device of the compulsory license. The compulsory license provision precluded the growth of a music monopoly by insuring that once a copyright owner licensed another to produce an original recorded performance of his work, other manufacturers would have access to that composition to make a "similar use" of it.

In construing the parameters of protection afforded to holders of copyrighted musical compositions the trial court recognized the limited nature of the rights granted by Congress. The exclusive right granted by the Act to composers was recognized to be "exclusive" only to the extent that the copyright holder did not permit any recording to be made of his song. However once an orginial sound recording of that composition had been licensed, the owner of the copyright composition lost further control over anyone who made a "similar use" of that composition under the compulsory license provision. The power of the copyright holders to restrict the use of the composition upon its licensing for an original recording from further reproduction by third parties was not envisaged by the Act.

Appellants argue that their claim is not based on a property interest in the recordings, and concede that recordings were not made the subject of copyright protection under the Act. They contend that as the copyright owners in the underlying musical compositions embodied in the original recordings, they have a copyright interest in the composition which extends beyond the original recording.

Under this view the protectable interest in the composition is lost through the compulsory license provision only when a third party produces and manufactures his own sound recording from scratch (i.e. from the copyrighted sheet music) rather than from an unauthorized duplication of that composition already embodied in an original sound recording. Rather than the limited extent of copyright protection attributed to the Act by the trial court, the appellants contend they own an exclusive right to determine the use made of their copyrights in the musical composition.

The crucial and narrow question upon which this appeal turns lies with the construction of the compulsory license provision. The appellants argue that this provision is a limited exception to the copyright owner's exclusive right, and as a proviso to the copyright interest, it should be construed narrowly. In this regard appellants argue in favor of the construction given the provision in *Aeolian Co. v. Royal Music Roll Co.*, 196 F. 926 (W.D. N.Y. 1912) and followed recently in two circuit court decisions: *Duchess Music Corp. v. Stern*, 458 F.2d 1305 (9th Cir.), *cert. denied*, 409 U.S. 847 (1972), *Edward B. Marks Music Corp. v. Colorado Magnetics, Inc.*, 497 F.2d 285 (10th Cir. 1974), *petition for cert. filed*, (No. 73-2006, July 10, 1974). *See also Fame Publishing Co., Inc. v. S. & S. Distributors, Inc.*, 363 F. Supp. 984 (N.D. Ala. 1973).

In *Aeolian*, a piano roll manufacturer having a license to use certain copyrighted musical compositions on its perforated rolls sought an injunction against a competitor who was duplicating the rolls. In granting the injunction the court stated

> "The provision of the statute (section 1e) that 'any other person make similar use of the copyrighted work' becomes automatically operative by the grant of the license; but the subsequent user does not thereby secure the right to copy the perforated rolls or records. He cannot avail himself of the skill and labor of the origi-

nal manufacturer of the perforated roll or record by copying or duplicating the same, but must resort to the copyrighted composition or sheet music, and not pirate the work of a competitor who had made an original perforated roll." 196 F. at 927.

In *Duchess Music* the Eighth Circuit reversed the trial court, and following *Aeolian* concluded that defendant could not invoke the compulsory license provision as sanction for her activities.

> "The statute provides that anyone who properly invokes the license provision 'may make *similar use* of the copyrighted work.' (emphasis supplied). Rosner admits that she duplicates appellants' copyrighted compositions. She does not make 'similar use' of them, she makes exact and identical copies of them. This is clearly outside the scope of the compulsory license scheme." 458 F.2d at 1310.

Similarly, in *Marks Music,* the Tenth Circuit in affirming the trial court's decision stated:

> "This means, to us, that one who complies with royalty payment called for by the statute, though not having any authorization from the copyright owner, may nonetheless then 'use,' not a third party's record, but the copyrighted composition, which has been characterized as the 'raw material,' in a manner 'similar' to that employed by the recording company which did have authorization from the copyright owner. There is, of course, nothing in the statute which affirmatively authorizes Magnetics to duplicate and copy the recording of one licensed by the copyright owner to reproduce his composition. However, under the statute Magnetics may 'use' the copyright composition in a manner 'similar' to that made by the licensed recording company. All of which means, to us, that Magnetics may make its

> own arrangements, hire its own musicians and artists, and then record. It does not mean that Magnetics may use the composer's copyrighted work by duplicating and copying the record of a licensed recording company. Such, in our view, is not a *similar* use." 497 F.2d at 288.

Judge Lacey concluded that *Aeolian* and *Duchess* had been wrongly decided (*Marks* was decided later). 351 F. Supp. at 578-79. *Aeolian* was wrongly decided, since the compulsory license provision dictated that there be no exclusive license, and to allow a licensee to sue is incompatible with that provision. The practical effect of the decision is to give the licensee a copyright in his record, something Congress clearly had not intended to do.

Properly analyzed, there are three component parts in an original sound recording:

1. the musical composition
2. the performance
3. the recording itself.

Neither the performance, nor the recording itself were afforded copyright protection under the 1909 Act. As to the musical composition Professor Nimmer, in his leading treatise *Copyright* has stated:

> "Once such a recording has been authorized, thereafter the right to record becomes non-exclusive, subject to the terms and conditions of the compulsory license provision of Sec. 1(e)."
> § 108.3, at 42-21 (1972).

> "All of the other elements contained in the original record which he has without authority duplicated are not copyrightable, and hence his use of such other elements does not give rise to an action for copyright infringement."
> § 108.4621, at 431-32 (1972).

Nimmer thus concludes:

> "Assuming such a record pirate duly serves a notice of intent to use, and pays the compulsory license royalties, the somewhat astounding result is that . . . he is not an infringer under the Copyright Act." § 108.4621, at 431 (1972).

This view is reinforced by the Supreme Court's recent opinion in *Goldstein v. California*, 412 U.S. 546 (1973), which Judge Lacey considered in his second opinion reported at 362 F. Supp. 488. To fill the void in the federal copyright law, many states had enacted criminal statutes proscribing "pirating" activities. The difficulty with such legislation was its constitutionality under the pre-emption doctrine. The Court, applying a *Cooley* approach, concluded that the states were free to legislate in the area, since certain subject matter to which the copyright clause of the constitution is addressed, may be of local importance, "and not worthy of national attention or protection." 412 U.S. at 558. Implicit in the Court's holding is the necessary conclusion that the Copyright Law provided no federal remedy to either the composer or his licensee-manufacturer. If Congress had seen fit to provide a remedy for infringement to the composer or the manufacturer under the 1909 Act, the Court could not, consistent with its *Cooley* analysis, have permitted the states to legislate in the area.

Finally, Judge Lacey's conclusion is supported by the legislative history behind the Copyright Act's 1971 Amendment, Pub. L. No. 92-140, §§ 1(a), 2, 85 Stat. 391, 17 U.S.C. § 1 *et seq.* (October 11, 1971). Proposed revision of the Act began in 1955, and this amendment was designed as an interim measure prior to final revision sometime in 1975. The amendment created a limited copyright in sound recordings of musical compositions which were "fixed" (first recorded) *after* February 15, 1972. Congress on the basis of lengthy public hearings at which it heard testimony from the various elements in the music industry as well as those

governmental agencies charged with the responsibility of administering the Act concluded that under the existing law:

> "If the unauthorized producers pay the statutory mechanical royalty required by the Copyright Act for the use of copyrighted music, *there is no Federal remedy currently available* to combat the unauthorized reproduction of the recording . . ."
> 1971 U.S. Code Cong. & Admin. News at 1567 (emphasis added) (quoted in *Jondora*, 351 F. Supp. at 582).

Judge Lacey properly considered the language and legislative history of the 1909 Act, the views of the leading text writers, the analysis of the conflicting opinion in the Ninth Circuit (later followed in the Tenth Circuit), the impact of the *Goldstein* decision, and the remedy afforded by the 1971 Amendment. It is apparent that both the Ninth and Tenth Circuits have attempted to provide a remedy which was not envisaged by the 1909 Act. We should not follow like the children of Hamelin their erroneous piping. The appropriate response to this problem lies in the hands of the Congress when it considers the final revision of the Copyright Law. The judgment below should be affirmed.

A True Copy:

Teste:

Clerk of the United States Court of Appeals for the Third Circuit.

APPENDIX J

JUDGMENT OF UNITED STATES COURT OF APPEALS, DECEMBER 27, 1974

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

No. 74-1241

JONDORA MUSIC PUBLISHING COMPANY, CROMWELL MUSIC, INC., ESSEX MUSIC, INC., HILL AND RANGE SONGS INC., ELVIS PRESLEY MUSIC, INC., BLUE SEAS MUSIC, INC., JAC MUSIC CO., INC., BLACKWOOD MUSIC, INC., BIG SEVEN MUSIC CORP., AL GALLICO MUSIC CORPORATION, TWENTIETH CENTURY MUSIC CORPORATION, SIQUOMB PUBLISHING CORP., SONGFEST MUSIC, INC., COMBINE MUSIC CORP., KOPPELMAN-RUBIN MUSIC INC., DALY CITY MUSIC, EVIL EYE MUSIC INC., VENICE MUSIC INC., ABKO MUSIC, INC., BEECHWOOD MUSIC CORPORATION, BEECHWOOD MUSIC OF CANADA, BLUE BOOK MUSIC CO., INC., RIVERS MUSIC CO., JOBETE MUSIC COMPANY, INC., SCREEN GEMS-COLUMBIA MUSIC, INC., ALDON MUSIC, INC., CONRAD PUBLISHING COMPANY, PRONTO MUSIC, INC., LUCON MUSIC PUBLISHING COMPANY, E.G. MUSIC LTD., TOTAL MUSIC, INC., AHAB MUSIC CO., INC., BOURNE INC., HARRISONGS MUSIC INC., HARRISONGS MUSIC

Appendix J

LTD., VOGUE MUSIC, INC., THIRD STORY MUSIC, INC., ALMO MUSIC CORP., WB MUSIC CORP., WORDS & MUSIC, INC., APPLE MUSIC PUBLISHING CO., INC., STARTLING MUSIC LTD., STARTLING MUSIC, INC., CEDARWOOD PUBLISHING COMPANY, INC., HARRISON MUSIC CORP., TRACK MUSIC, INC., FABULOUS MUSIC LTD., VECTOR MUSIC CORP., TIGER MUSIC, INC., M. WITMARK & SONS, LEEDS MUSIC CORPORATION, LEEDS MUSIC LIMITED and APRIL MUSIC, INC.,

Plaintiffs-Appellants,

v.

MELODY RECORDINGS, INC., AL CECCHI, also known as AL COHEN, U.S. TAPE, INC., GEORGE TUCKER, NATIONAL CINEMATAPE, INC., AMERICAN CARTRIDGE RECORDING, a division of NATIONAL COMMUNICATIONS ARTS, INC., ALEXANDER MAGOSCI, JR., DAVIDOW GELLERT, INC., TELECOR INDUSTRIES, INC., HAROLD DAVIDOW, CHARLES GELLERT, GRANDY, INC., JOHN FRENCH, ROYALE GENERAL MUSIC CO., INC., LIVINGSTON AUDIO PRODUCTS CORP., CONTINENTAL SALES CORP., DARRELL D. SCHOLTEN, THOMAS J. HOFBAUER, CARL VOLPE, AUDIOTAPE., INC., ELIAS SAKA, NOW SOUNDS, INC., DIAMOND SOUNDS, INC., METRO TAPES, INC., STELLAR SOUNDS, INC., AUDIOTECH, INC., SAURON CORPORATION, PRESIDENTIAL EDITION CORPORATION, SUNSHINE MUSIC CORPORATION,

Appendix J

SUDOL SUPPLY, INC., EDWARD SUDOL, INCENTIVES, INC., BYRON HAWLEY, GENERAL DISTRIBUTORS, INC., JOE JAMAL, SAM COHEN, ANTHONY STEFANELLI, doing business as DJ TAPES, AMERICAN COPYRIGHT RESEARCH, INC., and JOSEPH BARONE,

Defendants-Appellees.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

(D.C. Civil No. 1741-72)

Argued October 25, 1974
Before KALODNER, GIBBONS and WEIS, *Circuit Judges.*

ON APPEAL FROM THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF NEW JERSEY

Present: KALODNER, GIBBONS and WEIS, *Circuit Judges.*

JUDGMENT

This cause came on to be heard on the record from the United States District Court for the District of New Jersey and was argued by counsel.

On consideration whereof, it is now here ordered and adjudged by this Court that the judgment of the said District

Appendix J

Court, filed January 4, 1974, be, and the same is hereby vacated, and the cause is remanded to the District Court for further proceedings consistent with the opinion of this Court.

ATTEST:

s/ Thomas F. Quinn
CLERK

December 27, 1974

Certified as a true copy and issued in lieu of a formal mandate on January 31, 1975.

Test: THOMAS F. QUINN
Clerk, United States Court of Appeals
for the Third Circuit

APPENDIX K

ORDER OF UNITED STATES COURT OF APPEALS AMENDING OPINION

UNITED STATES COURT OF APPEALS
For The Third Circuit

No.74-1241

JONDORA MUSIC PUBLISHING COMPANY, et al.,

Plaintiffs-Appellants

v.

MELODY RECORDINGS, INC., et al.,

Defendants-Appellees.

Present: KALODNER, GIBBONS and WEIS, *Circuit Judges.*

ORDER

It is ORDERED that the opinion heretofore filed be amended as follows:

On page 7 of the slip opinion, third paragraph, fourth line, after *"aff'd. on rehearing in banc,"* the following is added:

"cert. denied, — U.S. — (No. 73-2006, Jan. 20, 1975)."

Appendix K

On page 10, eighth sentence of the first full paragraph, "March 15, 1972" is changed to "February 15, 1972."

By THE COURT,

Joseph F. Weis, Jr.,
Circuit Judge

Dated: January 23, 1975

APPENDIX L

ORDER OF UNITED STATES COURT OF APPEALS DENYING PETITION FOR REHEARING EN BANC, JANUARY 23, 1975

JONDORA MUSIC PUBLISHING COMPANY, et al.,

Plaintiffs-Appellants

v.

MELODY RECORDINGS, INC., NATIONAL CINEMATAPE, INC., et al.,

Defendants-Appellees.

Present: SEITZ, *Chief Judge,* and KALODNER, VAN DUSEN, ALDISERT, ADAMS, GIBBONS, ROSENN, HUNTER, WEIS and GARTH, *Circuit Judges.*

ORDER

The petition for rehearing with suggestion for rehearing in banc and the petition for rehearing in banc filed by appellees having been submitted to the judges who participated in the decision of this court and to all other available circuit judges of the circuit in regular active service, and no judge who concurred in the decision having asked for rehearing, and a majority of the circuit judges of the circuit in regular active service not having

voted for rehearing by the court in banc, the petitions for rehearing are denied.

BY THE COURT,

s/ Joseph F. Weis, Jr.,
Circuit Judge

DATED: January 23, 1975

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IN THE

Supreme Court of the United States

October Term, 1974

No. 74-1338

MELODY RECORDINGS, INC., *et al.*,
Petitioners,

vs.

JONDORA MUSIC PUBLISHING COMPANY, *et al.*,
Respondents.

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

Opinions Below

The opinions of the District Court were reported at 351 F. Supp. 572, 362 F. Supp. 488 and 362 F. Supp. 494 and are included in Appendices A, B and C of the Petition for Certiorari. The opinion of the United States Court of Appeals for the Third Circuit is reported at 506 F.2d 392. That opinion and the Third Circuit's judgment and orders are included in Appendices I through L to the Petition.

Jurisdiction

The jurisdictional requisites are adequately set forth in the Petition.

Question Presented

Whether the compulsory license provision of the Copyright Act, 17 U.S.C. §§1(e) and 101(e), applies to the copying of copyrighted musical compositions by means of unauthorized duplication of original sound recordings of such compositions, and thereby bars a claim of copyright infringement by an owner of the composition copyrights who has not consented to such use?

Statutes Involved

This case involves construction of Sections 1(e) and 101(e) of the Copyright Act, 17 U.S.C. §§ 1(e) and 101(e), printed at pages 3 through 5 of the Petition for Certiorari.

Statement of the Case

The very same issue of law raised by this Petition was also the only issue presented in the petition for certiorari which this Court denied just a few months ago in *Colorado Magnetics, Inc.* v. *Edward B. Marks Music Corp.*, —— U.S. ——, 42 L.Ed.2d 819 (Jan. 20, 1975). A petition raising the same issue was also denied previously by this Court in *Duchess Music Corp.* v. *Stern*, 409 U.S. 847 (1972).

In *Colorado Magnetics*, the Tenth Circuit (*en banc*) decided, as had the Ninth Circuit in *Duchess*, that the compulsory license provision of the Copyright Act (17 U.S.C. §§1(e) and 101(e)) did not apply to the copying of copyrighted musical compositions by means of unauthorized

duplication of original sound recordings. *Edward B. Marks Music Corp.* v. *Colorado Magnetics, Inc.*, 497 F.2d 285 (10th Cir. 1974); *Duchess Music Corp.* v. *Stern*, 458 F.2d 1305 (9th Cir. 1972).

Before denying certiorari in *Colorado Magnetics*, this Court requested and received a brief *amicus curiae* from the Solicitor General of the United States, which concluded that the Tenth Circuit had "decided the issue correctly and, in the absence of a conflict among the circuits, it is unnecessary for this Court to hear the case." *Brief of the United States as Amicus Curiae* (December 1974), p. 16 (hereinafter cited as "*S. G. Brief*"). Since then, two more United States Courts of Appeals—the Third Circuit in the instant case and the Fifth Circuit in *Fame Publishing Co., Inc.* v. *Alabama Custom Tape, Inc.*, 507 F.2d 667 (5th Cir. 1975)—have reached the same result on the identical question of law. Thus, far from a conflict among the circuits or "a chaotic situation" (Pet., p. 8),[1] there is complete unanimity among the circuits on this question and there is even less reason for granting this petition than there was in the *Colorado Magnetics* case.

There are no material differences between the stipulated facts in the instant case and the facts presented to this Court in *Colorado Magnetics*. Here, as in *Colorado Magnetics*, petitioners are engaged in the business of manufacturing and selling under their own labels unauthorized tape duplications of popular phonograph records manufactured by others; that is, not authorized either by the owner of the musical compositions or by the manufacturer of the record.

1. Citations to the Petition for a Writ of Certiorari in this case are designated "Pet." followed by the page number.

Respondent music publishers own the copyrights in several of the musical compositions contained on the recordings copied and sold by petitioners, including such well-known songs as "I Believe," "Blowin' in the Wind" and "Raindrops Keep Fallin' on My Head." Unlike manufacturers of original recordings, petitioners do not hire their own record producers, orchestrators, arrangers, musicians or performing artists, or bear any of the risks or costs of producing original sound recordings of respondents' compositions. Rather, they tape hit performances of those compositions by outstanding artists from commercially available records produced by others, without obtaining authority from anyone, and sell these taped duplications to the public. They thus create nothing new and incur none of the costs of such creation.

As the sole basis for their claimed right to engage in what would otherwise be blatant infringement of the publishers' copyrights, petitioners, as did Colorado Magnetics, relied upon purported compliance with the "compulsory license provision" of the Copyright Act (17 U.S.C. §§ 1(e) and 101(e)). Under that provision, copyrighted musical compositions are protected against copying by means of mechanical recording, except that after the copyright holder or its licensee makes the first use of a composition on a recording, others are automatically entitled to "make similar use," upon compliance with procedures set forth in the statute. The Petition suggests (Pet., pp. 21-22) that because petitioners purported to file Notices of Intent and to tender royalties under the compulsory license provision, they should not be confused with other duplicators who do not bother to do so, and that the result should somehow be different in their case. But, in that respect too, there is no

difference between petitioners and Colorado Magnetics and, indeed, the very issue in both cases is whether Congress ever intended the compulsory license procedures to be available to unauthorized duplicators.

On the publishers' suit to restrain petitioners from infringing their copyrights, the Third Circuit—as did the Ninth and Tenth Circuits before it and the Fifth Circuit after it—construed the phrase "similar use" to mean a use similar to that of the producer of the original recording, who creates a new work of art by the efforts of musicians, arrangers, performers and technicians and incurs the costs and risks inherent in recording original renditions of musical compositions. Four circuits have therefore concluded that unauthorized duplicators such as petitioners, who do none of these things, but merely purchase commercially available recordings of the publishers' copyrighted compositions and duplicate them, are not making "similar use" of the musical compositions—and hence are not entitled to the benefits of the compulsory license provision.

On the basis of that conclusion of law, the Third Circuit reversed the contrary holding of the United States District Court for the District of New Jersey, and remanded for further proceedings consistent with its opinion.

ARGUMENT

I

The decision below is clearly correct and there is no conflict of authority.

Four United States Courts of Appeals which have considered the question raised here have all ruled that the compulsory license provision is not applicable to unauthorized duplication of sound recordings. Those four recent decisions, which are consistent with the earliest constructions of the compulsory license provision, represent the only interpretation which does not do violence to the plain meaning of the statutory language and the objectives which Congress sought to achieve when it enacted that provision in 1909.

Much like the petition for certiorari in *Colorado Magnetics*, the Petition in this case rests upon a confusion between the distinct rights of music publishers in original musical compositions, and those of the manufacturers of sound recordings of performances of those compositions. Thus, the Petition repeats over and over again the proposition that, prior to the Sound Recording Act of 1971, there were no federally-protected rights in sound recordings.

We take no issue whatever with that statement.[2] But, as the Third Circuit and the other circuits recognized, the music publishers are not asserting any right or interest in

2. Nor did the Third Circuit's opinion dispute that point. It held that "until Congress recently provided otherwise, it was generally conceded that a record as such could not be copyrighted." (Pet., Appx. I, p. 108a)

the sound recordings themselves. As the Tenth Circuit properly observed in *Colorado Magnetics*, "we are not here concerned, as such, with the record, and its copying, but with the original composition and the copyright interest therein." (497 F.2d at 290.) As the Tenth and Third Circuits also both recognized (497 F.2d at 288; Pet., Appx. I, p. 107a), the Copyright Act *does* afford the publishers an exclusive right to determine who shall make use of its copyrighted compositions and in what manner. See also *Goldstein* v. *California*, 412 U.S. 546, 563-64 (1973); *Standard Music Roll Co.* v. *F. A. Mills, Inc.*, 241 Fed. 360 (3d Cir. 1917).

The compulsory license provision, upon which petitioners rely, is a very limited exception to the copyright owner's exclusive right in the musical composition. It provides that, after the first authorized use of a copyrighted composition for the making of mechanical reproductions, others may make "similar use" of the composition by complying with the requirements of that provision. The provision would afford petitioners a defense *only* if the specific use made of the publishers' copyrights is a "similar use" which the provision was intended to cover.

Although the statute never expressly mentions tape duplication,[3] the words "make similar use" plainly show that the compulsory license provision is not available to unauthorized duplicators. The first license for recording of a musical composition is necessarily for an original record-

3. Indeed, as the Solicitor General's brief in *Colorado Magnetics* pointed out (*S.G. Brief* at 8, 10-11), the technology which gave rise to today's widespread tape piracy was unknown when the compulsory license provision was enacted in 1909. See *Goldstein* v. *California*, *supra*, 412 U.S. at 566 n. 23.

ing of a live performance of the musical work. The making of a taped duplicate of the original record differs significantly from such first use—and is not at all "similar" to the first use. Thus, the plain meaning of the compulsory license provision is, as the Tenth Circuit held, that one who complies therewith may then use

> "not a third party's record, but the copyrighted composition, which has been characterized as the 'raw material,' in a manner 'similar' to that employed by the recording company which did have authorization from the copyright owner. * * * Magnetics may make its own arrangements, hire its own musicians and artists, and then record. It does not mean that Magnetics may use the composer's copyrighted work by duplicating and copying the record of a licensed recording company. Such, in our view, is not a *similar* use." *Edward B. Marks Music Corp.* v. *Colorado Magnetics, Inc., supra,* 497 F. 2d at 288.

The Third Circuit in the instant case, after quoting the foregoing holding of the Tenth Circuit, made this point more firmly:

> "We agree with this interpretation of the statute but feel even more strongly that the duplicators or pirates do not 'use' the composer's work in a 'similar' fashion—indeed, they do not utilize the composer's work at all. It is a recording which is used. Rather than permit the use of a recording of the composition, the statute only authorizes the use of the copyrighted work, that is, the written score.
>
> The use to which the original licensee put the composer's work, *i.e.,* the musical score, was much more elaborate, involving as it did the preparation of an arrangement from the written composition and its performance by musicians and vocalists. The mere dupli-

> cation of a recording by the pirate is not the same as, or 'similar' to, the efforts made by the original licensee in utilizing the characters on a piece of paper as the basic plan for producing harmonious sounds." (Pet., Appx. I, pp. 109a-110a.)

And the Fifth Circuit expressed the identical point as follows:

> "A taped duplicate is simply not a 'similar use' of the composition as we understand the words. There is no live performance; in fact, there are no musicians at all. Only a tape recorder is required. The end product, of course, is not only 'similar' but virtually indistinguishable; the process, however, is completely dissimilar. This distinction is not mere musical metaphysics; it is the dividing line between that which the statute commands and that which it forbids. Although appellants 'produce' recordings, they do not make a 'similar use' of appellees' compositions in so doing." *Fame Publishing Co., Inc.* v. *Alabama Custom Tape, Inc., supra,* 507 F.2d at 669-70.

The interpretation given the statutory language by all four circuits is also the only one which carries out the congressional intent. As the Third and Fifth Circuits both noted, the compulsory license provision had two objectives —encouraging a multiplicity of different creative renditions of copyrighted music[4] and the prevention of monopoly. Pet., Appx. I, p. 110a; *Fame Publishing Co., Inc.* v. *Alabama Custom Tape, Inc., supra,* 507 F.2d at 670; see also *S. G. Brief* at 11.

4. As the court said in *Shaab* v. *Kleindienst,* 345 F.Supp. 589, 590 (D.D.C. 1972), the compulsory license provision "promotes the arts by permitting numerous artistic interpretations of a single written composition."

When these objectives are considered, as they were extensively in the briefs and arguments presented below, it is seen that, rather than furthering the objectives underlying the provision, protecting piracy under the shield of compulsory licensing would "devour the general policy" which the statute embodies. *Shilkret* v. *Musicraft Records, Inc.*, 131 F.2d 929, 931 (2d Cir. 1942), *cert. denied*, 319 U.S. 742 (1943); *Spokane & Inland R.R.* v *United States*, 241 U.S. 344, 350 (1916); see also *USV Pharmaceutical Corp.* v. *Weinberger*, 412 U.S. 655, 664-65 (1973); *Clark* v *Uebersee Finanz-Korp.*, 332 U.S. 480, 489 (1947) (courts should not "impute to Congress a purpose to paralyze with one hand what it sought to promote with the other").

Rather than promoting "numerous artistic interpretations," granting copyright licenses to unauthorized duplicators would only encourage parasitic appropriation of the artistry of others and discourage legitimate record manufacturers from bearing the costs and risks of recording new artistic interpretations. *Fame Publishing Co., Inc.* v. *Alabama Custom Tape, Inc., supra*, 507 F.2d at 670; *Fame Publishing Co., Inc.* v. *S&S Distributors, Inc.*, 363 F. Supp. 984, 988 (N.D. Ala. 1973); see also *Goldstein* v. *California, supra*, 412 U.S. at 550; *Capitol Records, Inc.* v. *Erickson*, 2 Cal. App. 3d 526, 538, 82 Cal. Rptr. 798, 805-06 (1969), *cert. denied*, 398 U.S. 960 (1970); *S. G. Brief* at 11-12. Likewise, applying the compulsory license provision to piracy would not promote competition in the recording industry, but rather would allow duplicators, who make no investment in the process of producing original recordings, to drive legitimate record companies—particularly the smaller ones—from the market place. *Fame Publishing Co., Inc.*

v. *Alabama Custom Tape, Inc., supra,* 507 F.2d at 670; see also *Testimony of Barbara Ringer, Assistant Register of Copyrights, Hearings on S. 646 and H.R. 6927 Before Subcomm. No. 3 of the House Comm. on the Judiciary,* 92d Cong., 1st Sess. 20 (1971).

There can thus be no serious dispute that the unanimous view of the four circuits is consistent with both of the stated objectives of Congress in 1909, and that a contrary conclusion would have subverted those goals.[5]

The Petition conveys the inaccurate impression that whatever the appellate courts have done, the weight of scholarly opinion is in petitioners' favor. Thus, they interject citations to works by Professors Henn, Chafee, and Nimmer and to a dissenting opinion of Judge Learned Hand in *Capitol Records, Inc.* v. *Mercury Records Corp.,* 221 F.2d 657 (2d Cir. 1955).

To begin with, petitioners completely ignore the decided weight of scholarly comment throughout the six decades since the compulsory license provision was enacted.[6] More-

5. *Aeolian Co.* v. *Royal Music Roll Co.,* 196 Fed. 926 (W.D. N.Y. 1912) reflects the judicial construction given the statute soon after its enactment, which is consistent with that of the four recent circuit decisions. Subsequent criticism of the *Aeolian* decision need not concern this Court, since it has been directed to its clearly erroneous holding that a licensee may sue for copyright infringement, and not to its proper construction of the compulsory license provision.

6. *E.g.,* Ball, *Law of Copyright,* §212, pp. 462-63 (1944); Diamond, *Copyright Problems of the Phonograph Record Industry,* 8 Bull. Cr. Soc. 227, 345 (1961); Comment, *Battle Over the Compulsory License; Mechanical Recording of Music,* 36 U. Colo. L. Rev. 501, 503 (1964); 2 Ladas, *The International Protection of Literary and Artistic Property,* §364, at 791 (1938); Howell, *The Copyright Law* (3d ed. 1952) at 150; Weil, *Copyright Law* (1917) at 421; Amdur, *Copyright Law and Practice,* §6, pp. 329-30 (1935); Dubin, *Copyright Aspects of Sound Recordings,* 26 So. Cal. L. Rev. 139, 141 n. 13 (1953); see also *S.G. Brief* at 13 n. 10.

over, Professors Chafee and Henn go no further along petitioners' path than the publishers themselves have gone: all agree that, prior to 1972, one could not "infringe a record." But there, petitioners leave Professors Henn and Chafee behind, since neither of their works cited in the Petition make any mention of the question raised here, which concerns only infringement of the musical composition copyright.

Likewise, Judge Hand's dissent in *Capitol Records* could not possibly be "directly on point" (Pet., p. 15), since that case involved a dispute among record manufacturers and retailers, not the owners of copyrights in the underlying musical compositions. Indeed, the Court of Appeals held that "since each party by stipulation disclaims ownership in any of the compositions by virtue of copyright, we treat them as in the public domain for the purposes of the case." 221 F.2d at 659.

Petitioners' reliance upon scholarly comment thus boils down to the observations of Professor Nimmer (Nimmer, *Copyright* §108.4621, at pp. 432-33 (1973)), which the Third Circuit noted, but which left it "not persuaded" (Pet., Appx. I, p. 109a). Nimmer does indeed support petitioners' position, but only after acknowledging that such an interpretation of the statute produces a "somewhat astounding result." (*Id.* at pp. 420-21, 431-32.) However, as this Court has often stated, federal statutes should be construed and applied so as to avoid astounding or absurd consequences. *Mastro Plastics Corp.* v. *NLRB*, 350 U.S. 270, 285 (1956); *United States* v. *American Trucking Ass'ns*, 310 U.S. 534, 542-43 (1940); *United States* v. *Katz*, 271 U.S. 354, 357 (1926); *United States* v. *Kirby*, 7 Wall.

(74 U.S.) 482, 486-87 (1868). Surely, review by this Court is not needed to determine whether the four circuits correctly concluded that the statute did not compel such an "astounding result."

II

The 1971 Sound Recording Amendment and the *Goldstein* decision are not controlling.

As noted, petitioners fail to perceive the crucial distinction between the publishers' asserted rights in musical compositions and wholly different rights in sound recordings. That confusion leads them—like petitioner in *Colorado Magnetics*—into what the Fifth Circuit in *Fame* called "conceptual cul de sacs,"[7] such as the legislative history of the 1971 Sound Recording Amendment and this Court's 1973 decision in *Goldstein* v. *California*, 412 U.S. 546 (1973). But, as the Third, Fifth and Tenth Circuits have all held, neither the 1971 statute nor the 1973 decision are at all relevant.

The 1971 Amendment is not dispositive of the present controversy principally because it was concerned solely with the creation of new proprietary rights in sound recordings, not with underlying compositions. That legislation for the first time gave *record manufacturers* rights and remedies against unauthorized duplicators, but it had no effect whatever on the pre-existing rights of the owners of composition copyrights. Indeed, as all of the circuit court opinions have recognized, the only reason the 1971 Amendment figures in this case is because of references in

7. *Fame Publishing Co., Inc.* v. *Alabama Custom Tape, Inc., supra*, 507 F.2d at 672.

the legislative history indicating the view of some members of Congress or of congressional committee staffs that, prior to that enactment, duplicators were free to take advantage of the compulsory license provisions.

But the Third, Fifth and Tenth Circuits—in almost identical language—all concluded that such references in the 1971 legislative history were not a reliable guide to the construction of the compulsory license provision, which was adopted many years before by another Congress. Pet., Appx. I, p. 112a; *Fame Publishing Co., Inc.* v. *Alabama Custom Tape, Inc., supra,* 507 F.2d at 672; *Edward B. Marks Music Corp.* v. *Colorado Magnetics, Inc., supra,* 497 F.2d at 289-90; see also *United States* v. *Southwestern Cable Co.,* 392 U.S. 157, 170 (1968) ("the views of one Congress as to the construction of a statute adopted many years before by another Congress have 'very little, if any, significance' "). As the Solicitor General's *amicus* brief in *Colorado Magnetics* stated: "[I]t is the words and the legislative history of the 1909 Act, and not the misconceptions at a later date, that control the meaning of Section 1(e)." (*S.G. Brief* at 15.)

Likewise, all three Court of Appeals decisions decided after *Goldstein* agreed that this Court in *Goldstein* did not even consider, much less decide, the issue here presented. Pet., Appx. I, p. 111a; *Fame Publishing Co., Inc.* v. *Alabama Custom Tape, Inc., supra,* 507 F.2d at 671 n. 2; *Edward B. Marks Music Corp.* v. *Colorado Magnetics, Inc., supra,* 497 F.2d at 289.

Nothing in *Goldstein* requires the conclusion that the compulsory license provision sanctions unauthorized du-

plication. This Court there upheld the constitutionality of a state statute making record and tape piracy a crime. It was considering an alleged conflict between federal and state law with respect to the protection of rights in "records, as *renderings of original artistic performance.*" 412 U.S. at 566 (emphasis by the Court). It concluded that the states were free to grant such protection because Congress had "indicated neither that it wishes to protect, nor to free from protection, *recordings of musical performances* fixed prior to February 15, 1972" (412 U.S. at 571) and thus no "conflict between state law and federal law arises in the case of *recordings of musical performances*" (412 U.S. at 570) (emphasis added). Indeed, in analyzing the claims of conflict, this Court took care to point out that under the pertinent California statute "no limitation is placed on the use of the music, lyrics, or arrangement employed in making the master recording" (412 U.S. at 550).

Thus, *Goldstein* would present an obstacle only if the publishers, as erroneously supposed by petitioners, were asserting a protected interest in the sound recordings themselves. But, as already noted, it is not a federal right in records which the publishers assert, but their own rights to prevent infringement of their copyrighted musical compositions. Such an assertion creates no constitutional conflict between federal and state law—and *Goldstein* found none. Indeed, there can be no claim that Congress has not touched the activities here at issue, since the petitioners themselves rely on the compulsory license provision of the 1909 Copyright Act as their sole defense to the claim that they infringed the publishers' copyrights. It is simply the proper construction of that provision which is in controversy, and the four circuits have all rejected the construction urged by petitioners. There is thus no conceivable

conflict between the Third Circuit's holding and that of *Goldstein*.

In the final analysis, it is the intention of the 1909 Congress, as expressed in the plain meaning of the compulsory license provision and the legislative history underlying it, not the 1971 legislation or the 1973 *Goldstein* decision concerning different rights in sound recordings, which disposes of this controversy. As shown, the decisions of the Third, Fifth, Ninth and Tenth Circuits embodied the only reading of the statute which is in harmony with that intention.

Conclusion

For the foregoing reasons, it is respectfully submitted that the Petition for a Writ of Certiorari should be denied.

Respectfully submitted,

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May 14, 1975